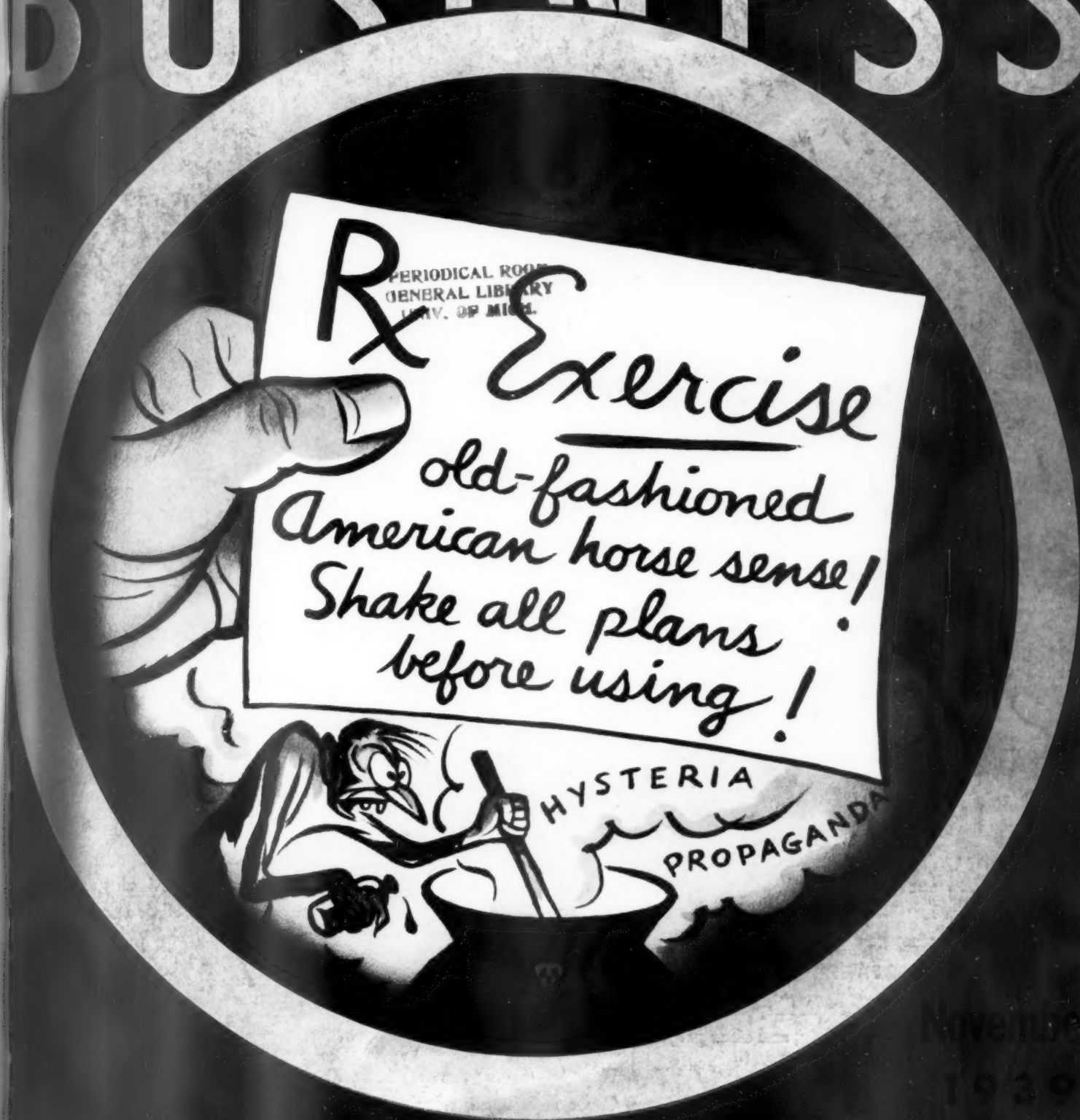


NATION'S BUSINESS



November
1939

Let's Keep Our Business Peace & Profits - A Town That
Wouldn't Admit Defeat - See Entertainment Weekly the Motor Car

LONG DISTANCE HELPS YOU

get the jump!



S**PEED COUNTS** in modern business. Days late are dollars lost. Being on the right spot at the right time is tremendously important. Long Distance telephone service puts you there *fast* and *first*.

- **"INQUIRY TODAY?"** A telephone call will tell you whether it's worth a trip, and often get you in ahead of competition.

- **"PRICE CHANGE?"** Advise your sales force. Cover customers quickly by telephone and pick up extra orders, extra good will.

- **"CANCELTATION?"** Prompt personal discussion by Long Distance may save the sale and the customer.

- **"OVERSTOCKS?"** Long Distance will help you cover a lot of territory *quickly* and dispose of profit-eating stocks *economically*.

There are dozens of different ways in which you can use the speed and directness of Long Distance telephone service. . . . Remember, too, as you travel that *telephone appointments prevent disappointments*.



Shake Hands with Our Contributors

DESPITE the distraction of foreign wars, American business men need to keep their minds on domestic affairs. None of today's business leaders are hungry for war profits for they know that the aftermath is far more disastrous than any temporary benefit that may come from sales of war materials. **W. Gibson Carey, Jr.**, tells why business men will do their utmost to keep us out of war and of the need for watching our home front to prevent an upward and unbalanced spiralling of prices and costs of production.

Mr. Carey is president of the Chamber of Commerce of the United States and of the Yale & Towne Manufacturing Company of Stamford, Conn. He served as a captain in the 307th Field Artillery during the world war.

Russell L. Greenman is an industrial relations counsel who has interviewed scores of typical business men and gives the readers a cross-section view of what executives think will be the major effects of the European war in this country.

For a further interpretation of war news and how it may effect business through official Washington and financial New York centers, see the departments, Washington and Your Business and Man to Man in the Money Markets.

Paul McCrea is an associate editor of NATION'S BUSINESS to whom the history of American automobiling is as fascinating a subject as can be found in the annals of this nation's industrial development.

O. K. Armstrong is a former member of the Missouri State Legislature who has made an on-the-ground investigation of the Kansas City political situation. Here is his report of the activities of a special committee appointed by the Kansas City Chamber of Commerce which took over the task of discovering just how much the city and county had suffered under the rule of a corrupt political machine and what they are doing to ensure a permanent clean-up.

Dr. Charles F. McKivergan is a former inspector of the U. S. Department of Commerce who worked in close contact with the United States Bureau of Marine Inspection and Navigation.

Robert C. Munter is an employee of a steel corporation, who in addition to his present employment has sold papers, worked in a drug warehouse, and engaged in settlement work.

Logan A. Scott is the pen name of a well known executive in the publishing field who couldn't resist the temptation to give his son a little worldly advice when the latter was appointed to his first executive job.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.

VOLUME 27 Merle Thorpe, Editor & Publisher NUMBER 11

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, LAWRENCE F. HURLEY; Director of Advertising, ORSON ANGELL.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg.; San Francisco, 433 California Street; Dallas, 1101 Commerce St.; Chicago, First National Bank Building; Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.



Saved by a slide rule... from an avalanche of sugar

Carloads of sugar, tons of canned goods — the wholesale grocer's normal warehouse stock — would have been like a pendant avalanche above the heads of the girls on the floor below.

But the grocer, insuring with American Mutual, called in an American Mutual safety consultant before leasing the building. The engineer, an expert on strength of structures, carefully computed the loads and stresses, foresaw the collapse of columns and timbers . . . tumbling the heavy stocks of food onto the floor below.

The grocer was advised to abandon his plans, to lease a building more suited for the heavy loads.

Fortunate was this business man that he regularly called in American Mutual for

free consultation on safety problems of equipment and methods, management and employees.

But even where catastrophes are not imminent, American Mutual policyholders find it good business to get the advice of our engineers, qualified as experts in almost all branches of industry. With their well-grounded recommendations, accidents are prevented, uninsurable hazards controlled, operating efficiency improved, our policyholders' insurance costs frequently reduced a third or more.

Such savings frequently exceed the policyholder dividend of 20% or more regularly returned by American Mutual and affiliated compa-

nies. Our record of 612 consecutive dividend payments exceeds that of any other American liability insurance company.

A third profit opportunity comes from restoring the services of injured workers through specialized medical treatment. It is also described in a booklet, "How 12 Companies Made \$1,247,299.96." Write for your free copy to Dept. X-5, 142 Berkeley Street, Boston, Massachusetts.



get 3 profits with
American Mutual

AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Home Office: BOSTON, MASS. Branches in 59 of the Country's Principal Cities



THE ADVANCE GUARD OF PLENTY

Mile after mile along the Norfolk and Western Railway they are drawn up in formation—at attention . . . THIS ADVANCE GUARD OF PLENTY . . . these sturdy shocks of corn . . . mute evidence that this country shall not want! Farmers throughout the nation report that all crops are record ones. Billions of bushels of produce must be carried to market, safely, economically, swiftly. The Norfolk and Western Railway and other railways are ready. There will be no delay; trains will move on schedule. Come what may this fall and winter, there will be sufficient motive power and rolling stock to meet any emergency!

The Norfolk and Western Railway operating between the Midwest and the Virginias and Carolinas and between the North and the South will cooperate with other railways in maintaining an adequate national transportation system.



NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

Through the EDITOR'S SPECS

Profiteering

WHILE one of our government servants was castigating business men for the profiteering they might do "at the expense of the distress and misery of Europe" another servant in the Department of Agriculture was boasting of the fact that the United States had made \$20,000,000 in its trade of cotton for British rubber. Rubber prices had gone up and cotton prices down, he said, so the handsome profit was made.

Dictocrats and free speech

WE HAVE spoken on various occasions of the rapid increase of federal controls, and of their danger to the American system of free enterprise. From month to month we have chronicled examples of its restrictive effect upon the expansion and development of business.

In another quarter this new federal control is as devastating. Here is a typical case of the dictation of the District of Columbia as to how states and cities handle their social problems.

The Congress appropriates money for slum clearance. It delegates its power and responsibility of administration to Nathan Straus. Mr. Straus allocates a sum to New York City. The Mayor appoints Alfred Rheinsteen chairman of the New York Housing Authority. The work on a \$6,500,000 project in Brooklyn starts. Mr. Rheinsteen writes an article for a national magazine criticizing certain of Straus' policies. Mr. Straus didn't like it and told Mr. Rheinsteen that nobody could stay in Housing and criticize him, and that New York City would not get another cent from the federal Government "until that condition is corrected." Mr. Straus then revoked the Brooklyn project. This brought Mr. Rheinsteen's resignation.

Mr. Rheinsteen expresses himself as follows:

I cannot subscribe to the idea that the free people of the City of New York have no right to disagree with those who administer federal agencies, and feel that the retaliation of Mr. Straus constituted a muzzle on free speech.

All true, but what is a city or state to do about free speech when the federal dictocrat resorts to the simple expedient of closing the federal wallet and pulling back funds already doled out. As in this case, the Free Speecher usually resigns.

War echoes

THE Spring Air Company of Holland, Mich., has published a bulletin to employees asking for a moratorium on war talk while they are on the job.

LEON Trotsky predicts that the European war will be a great thing for world revolution and the Socialist federation of nations.

"TODAY the public debt stands at \$45,000,000,000. If we are drawn into the war now raging in Europe, it may well go up to \$80,000,000,000. If this should happen, could we take the punishment and remain a true democracy?"—Robert M. Hanes, president, American Bankers Association.

PRESIDENT Roosevelt includes in the protective area of this country under the Monroe Doctrine such territories as British Honduras, Guiana, and the islands of Curacao, Martinique, St. Pierre, Guadalupe, Miquelon and the Bahamas.

EUROPEAN countries and Canada have stopped the dissemination of weather reports because they are an aid to hostile air navigators.

CONGRESSMAN Dies says the order has gone out to the Department of Justice to start purging 2,850 "known Communists" in key government positions.

BROADCASTING of political speeches is prohibited in Canada under the war censorship regulations.

THE new war time restrictions of liberty in Great Britain include:

Censorship of press, stage, radio and newsreels.

Private mail may be censored.



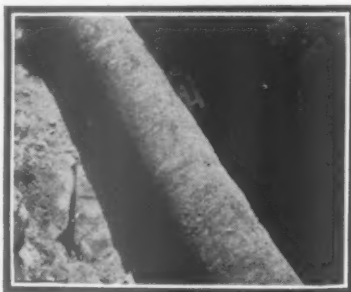
"HOW does a water main save us taxes?"

"It doesn't, Bill, unless it's cast iron, and this new water supply main will save more tax dollars for our grandchildren than for us. But all the pipe in our city water supply system is cast iron and much of it was installed a century ago. Those old cast iron mains are saving us taxes today. Any other kind would have been replaced long ago."

* * *

Water mains represent about one-third of this country's 5-billion-dollar investment in public water supply systems. More than 98% of these mains are cast iron pipe with a *known* useful life at least double the *estimated* life of other water main materials. Because the

tax-saving, through deferred replacements alone, is enormous, cast iron pipe is known as Public Tax Saver No. 1. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, which rust does not destroy. Made in diameters from 1¼ to 84 inches.



Unretouched photo of a cast iron water main installed more than 100 years ago and still saving tax-dollars for the citizens of New York City.

CAST IRON PIPE

PUBLIC TAX SAVER NO. 1

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

Any police officer may stop any public assembly he regards as dangerous.

By-elections to Parliament are cancelled and there probably will be no general election next year.

Government employees may not discuss their work, even with their wives or husbands.

Soldiers may be billeted in any private home.

Law cases may be heard in secret at the court's discretion.

Private citizens are forbidden to make overseas telephone calls.

Citizens are not permitted to buy more than one week's food supplies.

Private premises may be searched for food or other contraband without warrants. Prices for most foods are fixed.

Preferred corporations

OF ALL our home grown alarmist dogmas, none is quite so hardy as the fear that the huge corporations are gobbling up the nation. Mere size has become a fearsome thing. But how many citizens who run from this spectre know that the six largest private corporations in America have assets 30 per cent less than the six largest federal government corporations? Some of the former have been in business the better part of a century, but only one of the federal corporations dates farther back than 1932.

As a citizen stockholder, the editor of *Mill and Factory* magazine points out that not one of these government corporations is required to file reports that show whether it is making profits or losses, and that he cannot even obtain this information by asking for it.

A private corporation is required to file as high as 15,000 reports on its affairs annually. No stockholder is kept long in doubt about its status. If these "emergency babies" have nothing to conceal, why can't we have from them at least one statement a year such as every private corporation must render?

A chain of promotion

S. P. SEIFERT, one time car builder and later gang foreman, has retired as superintendent of the Car Department of the Norfolk and Western Railway.

He was succeeded by H. C. Fisher who came to the Norfolk and Western as a laborer 42 years ago.

Mr. Fisher's former post as foreman of the passenger car shop was taken over by H. C. Noll, once an apprentice draftsman for the road.

W. N. Wilson, who began as a carpenter for the Norfolk and Western in 1923, steps up to Mr. Noll's old job.

That is the industrial hierarchy of merit—the best hope of every worker who expects to pay the price of advancement.

Counting the experts

A NATION'S BUSINESS visitor has offered a suggestion for the Census Bureau. He proposes that a trained corps of enumerators be set to counting all the *per diem* consultants in the federal service. It seems that his own efforts to get this information have been unavailing.

Most of these public servants are professional men and women for whom there may be no opening in the classified service. Their number is legion. Compensation ranges all the way up to \$100 a day.

Our visitor informs us that one of an extensive panel of consultants for the U. S. Housing Authority, at \$25 a day, is a prominent lame duck New Deal Congressman and mayor of his home city.

Various limits to the number of days a consultant may work in any one month or year apply in the different agencies and departments. In one of them the line is said to be drawn at 299 days in a year.

The roll of *per diem* employees would include innumerable lawyers, medical practitioners, professors, labor "experts," engineers, and planners for every human activity. No one in Washington pretends to know how many advisory boards there are. Usually the members of these bodies and all their research workers, investigators, writers and editors draw pay for the time employed, plus travelling expenses. War planning, the newest activity, is resulting in calls for many experts.

Those omniscient "liberals"

LUCIUS BEEBE, literary man-about-town, takes a well directed pot-shot at one of New York's worst pests—the soup and fish liberal who never grew a bushel of corn or sold a bill of goods but whose yap and yammer about business problems is taken so seriously:

No one has ever heard of a shoe manufacturer making a spectacle of himself by advocating a ten-line sonnet, or a bank manager instructing a recognized artist in the technique of the palette knife. But no such sense of fitness prevents the fanciest rabble of dressmakers, third-rate college instructors, inhibited play reviewers, thwarted nympholepts (thanks, Lucius, for that one), ballet dancers, dissatisfied advertising copy writers, lecture tour call firemen, disbarred shysters and shiftless and overfed literary werewolves from laying down, to their own noisy satisfaction, the law on subjects of which they could hardly know less.

Gross earnings

FARMERS chuckled at the late Charles M. Schwab's story of his wife's farm. In one of those years when an agriculturist who could make

"IS THERE A DIAGNOSTICIAN IN THE HOUSE?"

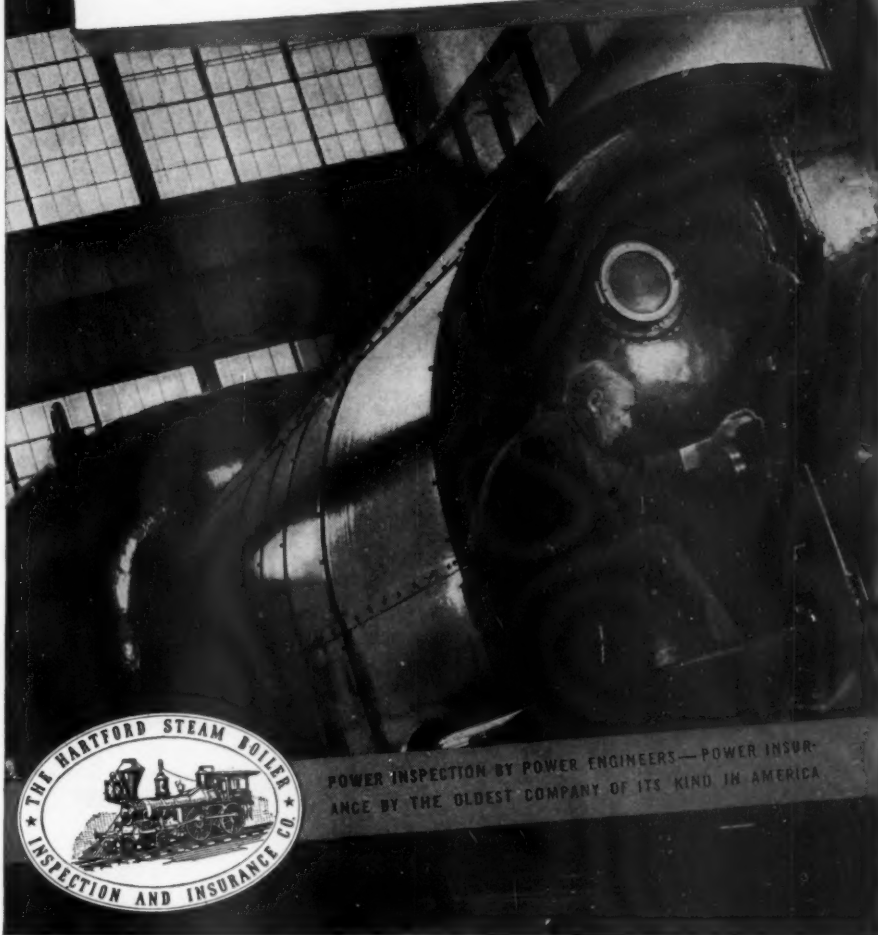
Prevention is better than cure. And *much* better than autopsy! Safeguarding boilers, engines, turbines, electric generators against explosion or crash by *thorough* inspection is far less costly or disturbing to their owners than "letting 'em ride" with a casual surface survey. . . . For insurance alone can never cover *all* the losses of power-plant disaster — shutdowns, lost production, maimed employees, shattered morale.

Because of a resolute adherence to this principle, Hartford has given real significance to the "Inspection" which for 72 years has featured its name. Specialists operating under rigid rules and directed by a trained engineering staff aim to make every Hartford inspection a thorough one—every "diagnosis" one that leaves no doubt of the true condition of each piece of equipment.

Ask your agent or broker for further reasons why Hartford power-plant inspection and insurance are without equal for efficiency and security.

• By a wide margin Hartford leads in power-equipment insurance. Hartford also shop-inspects 90% of all American-built power boilers during their fabrication.

**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY** HARTFORD,
CONNECTICUT



Edison's Streamlined Miracle



1. Disappearing
Cover

2. Concealed
Correspondence
Compartment

3. Safety
Signal
Light

4. Truvox
Balanced
Recording

5. Square
Foot of
Floor Space

... brings a new beauty to your office

A miracle in your office? Yes! Engineers schooled by Thomas A. Edison himself have enabled you to perform a miracle with one square foot of floor space. In a twinkling this brand new Ediphone transforms your office into a modern room.

A shaft of simple beauty—it becomes the central point of design. From its scientifically designed “sure-footed” feet to the disappearing cover it is streamlined perfection. But more miracles happen! You become a changed man once you take up Edison Voice Writing. You dis-

cover time to do more—you double your present capacity for important work. Details...routine...they melt away!

It's now no trouble to remember (the Ediphone remembers things for you). Amazingly, too, your secretary's disposition improves (she can work without interruption). This new floor Ediphone ends for you the office “war of nerves”. Hear more about it! Telephone the Ediphone (your city) or write Dept. N 11, Thomas A. Edison, Inc., West Orange, N. J.



SAY IT TO THE

Ediphone

EDISON VOICEWRITER

money was a genius he turned over the Schwab farm near Loretta, Pa., to his wife to manage. To his surprise she seemed to get along without making any complaint. Then one day he asked her how she was doing with the land.

"Fine. I've put my earnings into a special bank account for myself."

"That's great," he told her. "By the way, are your expenses running very high?"

"Oh, I'm not bothering about them," Mrs. Schwab answered. "I'm saving up the bills for you to pay."

The joke was on the great industrialist, much as it is on the taxpayer-stockholders in some of the Government's socialistic "yardstick" properties.

Those innocent consumers

THE popular conception that every consumer is a babe in the woods and every business man a wolf lying in wait to devour his innocent prey survives in spite of frequent encounters with the facts. A story is going the rounds about a book jobber whose experience should help to demolish this fiction.

This man made a wager that he could prove the average consumer is not averse to a little sharp practice at the expense of business. It happened that he had on his hands an unsold stock of a 20-volume history set that nobody seemed to want. Taking 100 names at random from his mailing list of book buyers he shipped one of these sets to each, preceded by a letter. In substance the letter said:

We are sending you this history at our expense. It comes in two bindings—plain buckram at \$19.25 such as we are sending you, and hand-tooled, crushed levant at \$39.98. If you decide you prefer the handsome, leather bound edition just return the other set and remit the difference to us.

But the leather edition was mailed; in fact, there was no buckram set. More than half the recipients, we are told, mailed the \$19.25 promptly. They thought a mistake had been made and that by saying nothing they could benefit by it. While government and professional consumer organizations are guarding the buyer from rapacious sellers, who is going to protect the seller from bargain-grabbing buyers?

What's new is true. So?

A PROFESSOR of sociology told Chicago advertising men last month that all the psychology they learned as much as ten years ago is utterly antiquated and might as well be chucked in the ashcan.

We hope ad artists won't be too downcast by the professor's stric-

tures. Not all past knowledge of the human species can be obsolete. Possibly a little might be salvaged from such decadents as Shakespeare, Emerson and William James. We are thinking of another professor who advised scrapping everything that had been learned before him. His name was Friedrich Nietzsche and he said:

I was the first to discover truth and the first who became conscious of falsehood.

Another rising index

BUSINESS is better but the burden of social service is heavier than ever. In spite of the tremendous and unprecedented liberality of the federal Government, the cities and counties continue to impoverish themselves to meet impossible and unwarranted demands for relief.

In Marion County (Indianapolis), Ind., for instance, *the cost of public welfare, including relief and charitable health services, exceeds the entire cost of all other services of the local government.* These social frills have taken precedence over schools, police and fire protection, sanitation and street upkeep. The cost of public assistance programs is now 60 times what it was in 1930.

Says the Bureau of Government Research of the Indianapolis Chamber of Commerce in a recent study of this subject:

The policy of issuing bonds for current needs has reached a point where almost 50 per cent of the levy to cover our local property tax share of township relief expense in 1939 must be used to pay interest and retire the principal installments on the bonded debt. This amount has risen from \$62,000 in 1934 to \$808,000 in 1939, and next year will exceed \$926,000.

The Chamber's Bureau reveals the further disturbing fact that since 1935 the cost of public assistance has increased much faster than the number of persons aided. That means that economic conditions are not responsible. Politics is the principal reason in Marion County, as elsewhere.

Shading the epithet

EVERYBODY knows the exuberant Tommy Corcoran, young jongleur of the Washington scene, but none better than Raymond Moley. In his amazing *Saturday Evening Post* story, "After Seven Years," Moley quotes that sentence of Corcoran's which may be remembered as his brief moment in history:

Fighting a business man is like fighting a Polack; you can give him no quarter.

That sounds very like the Hitler method in Poland. But it's only fair to add that Corcoran's friends claim he was misquoted. What he really said, they insist, was "polecat" and not "Polack."



MARCHANT

Silent Speed CALCULATORS

- For 29 years MARCHANT has created and built calculators ...nothing else!
- For 29 years MARCHANT ... inventive genius has introduced the many outstanding features that have so greatly advanced automatic calculating!
- For 29 years MARCHANT ... with its many unique and exclusive features...has repeatedly established new standards in silence...speed...and ease of calculator operation!
- For 29 years MARCHANT has been accepted as the business world's most efficient figuring device ... always giving the greatest value and performance in calculator history!



MARCHANT CALCULATING MACHINE COMPANY
1475 Powell Street
Oakland, California NB-11-39

Without obligation please send MARCHANT
DETAILED FEATURE ANALYSIS.

Firm _____
Individual _____
Address _____
City _____ State _____

MARCHANT CALCULATING MACHINE COMPANY
HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.
Sales Agencies and Manufacturer's Service Stations
in all Principal Cities

Living up to the Greatest Name in Rubber

A lasting Beauty Treatment for walls and floors

MODERN architects are turning more and more to rubber for their smartest and most colorful effects in floor and wall design. In Goodyear Wingfoot Rubber Flooring and Wall Rubber they have found a new medium of great warmth and richness, limitless in color and pattern with an enduring beauty that will neither "walk" off nor wash off.

Underfoot, resilient Goodyear rubber floors give incomparable quietness and foot-ease. In hospitals, schools, libraries and offices they hush the tread of busy feet. In homes, apartments and hotel public rooms their handsome luxury makes rugs unnecessary—yet they cost no more than linoleum.

Walls paneled with Goodyear rubber offer exciting new possibilities in decorative treatments of refreshing distinction and appeal. The rare beauty and superb wearing qualities compounded into these two versatile new products are one more measure of Goodyear's preeminence as the greatest name in rubber.

Wingfoot—T. M. The Goodyear Tire & Rubber Company.



Infinite is the variety of modern floor and wall patterns available with Goodyear Wingfoot Flooring and Wall Rubber as these two smart designs illustrate.



1839 • THE CENTENNIAL OF RUBBER • 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration and seeks by serviceability to deserve his name.

GOODYEAR



On War and Rumors of War

WAR'S the statesmen's game, war's the trade of kings, said the philosopher. The historian Lecky records that rulers often plan war as an escape from economic and other domestic problems. Shakespeare, with great understanding of human nature, expresses the truth through Henry IV as he instructs his son:

Therefore, My Harry,

Be it thy course to busy giddy minds
With foreign quarrels; that action, hence borne out,
May waste the memory of the former days.

Recent history bears out the age-old truth. When Italy moved against Ethiopia there was this headline in the *New York Times*: MUSSOLINI FACES RUIN IF HE YIELDS IN AFRICA DISPUTE. *Peril of political eclipse and possible revolt prevent his abandoning venture. NOR CAN EMPEROR GIVE IN. Concessions by Haile Selassie would incur ire of chiefs who covet his throne.*

People delegate the power and responsibility of war to their rulers. In the United States the Congress has the sole power to declare war.

In the light of these lessons from the past, it is disturbing to observe the defeatist attitude with which many of those in high place regard the conflict overseas. The Senior Senator from Massachusetts is one of those who sounded this ominous note when he said to the Associated Press that "the odds are ten to one that the United States will be drawn into the European War." He charges that "powerfully organized groups want us in this war for their own advantage and profit. Only by eternal vigilance, which is necessary to maintain liberty, plus organization of the majority, can we prevent the minority, but very powerful, groups, from dragging us into war."

In all fairness to the American people the Senator should immediately identify the "powerful groups dragging us into war." It is imperative that the people should know who these powerful groups are if, as he says, the odds in their favor are so great. Tell the people where this "minority" can be found and they will rush to the support of the Senator and his colleagues in their fight for peace.

The Senator owes it to himself. To him and his colleagues in Congress, 130,000,000 of us have given the sole power to declare war. To them we have given complete power over our property and our lives in the event of war. They asked for this power. They pleaded for it. They campaigned for it. They set forth their ability and qualifications to handle for us our public affairs, of which our relations with foreign countries are most important. They agreed to carry on negotia-

tions with neighbor nations to the end that friendly relations be maintained. They were elected by us because we believed their representations. We believed they had the ability—and the will—to discharge that trust without the tragic admission of failure that comes when statesmen call upon young men to take up, with shot and shell, where they left off.

Only recently Congress reassured us of its ability to do this. It gave no support to the highly questionable measure which proposed to abdicate its exclusive power over war and peace. Congress is jealous of its power in respect to war; it should be as jealous of the accompanying responsibility.

If "powerfully organized groups want us in this war for their own advantage and profit," and Congress, representing a majority of the people, has only a one-to-ten chance against these powerful groups, then Congress needs help. It will get it when the people know the identity and whereabouts of the enemy. Particularly will it enlist the support of business men who, with a unanimity seldom shown upon any public matter, unqualifiedly have gone on record against war. But help they cannot if names and addresses are withheld, if they are to be only a mysterious influence, preempting the all-powerful prerogatives of the Congress.

By divulging his information to the public, the distinguished Senator from Massachusetts will do a double service. If the chances are ten to one of our inevitable entry into the European mess, then the people should know today where to place the blame, where to locate a power greater than the majority of the people and their accredited representatives. It will likewise prevent guessing and hurling random bricks at "fomenters of war." It will obviate later the humiliating confession on the part of the sovereign Senate that it failed because of hidden powers greater than those lodged with it.

Loose talk at this time is no contribution to the cause of peace. The people have spoken in various polls against entangling alliances. Business men have been quick to allay the demagogic impression that they batten on the slaughter of their own sons. Finally, there is a growing understanding that responsibility goes with power and that every man expects his government officials to exert every ounce of their energy and ability to make peace and not war inevitable.

Mere Thorne

New! BIG Beautiful CAB-OVER-ENGINE TRUCKS



Model D-500
Nominal gross weight rating 18,000 lbs.
Model DR-700
Nominal gross weight rating 24,000 lbs.
A variety of wheelbase lengths and three types of final drive.

Here's a *first view* of the new International heavy-duty cab-over-engine trucks! International Harvester brings you a product of *new and superior design—a new high in cab-over-engine efficiency—a traffic-type truck that will soon be the talk of the industry.*

STYLING and LINES—let this picture and your first sight of the trucks themselves be Exhibit A.

BASIC DESIGN—the International Models D-500 and DR-700, like the popular D-300, are true engine-under-seat units, engineered from stem to stern for full cab-over-engine efficiency. Ideal $\frac{1}{3}$ - $\frac{2}{3}$ load distribution, for tractor or straight truck operation.

DRIVER COMFORT, EASY RIDING, VISION, SAFETY—a genuine surprise is in store for every man

who takes the wheel and tests the superb spring-suspension in these new trucks.

ACCESSIBILITY—all minor repairs easily handled through floor and from underneath. Major overhaul made surprisingly easy.

MECHANICAL EXCELLENCE—by *International Harvester.*

Inspect and drive a D-500 or DR-700 yourself—or assign your most experienced driver to a test-tryout. Put the truck through its paces and compare it with all competition. Then render a verdict as frankly as you like. What we mean is—*we've really got something here in these new cab-over-engine Internationals!* See the nearest International Dealer or Branch.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue Chicago, Illinois

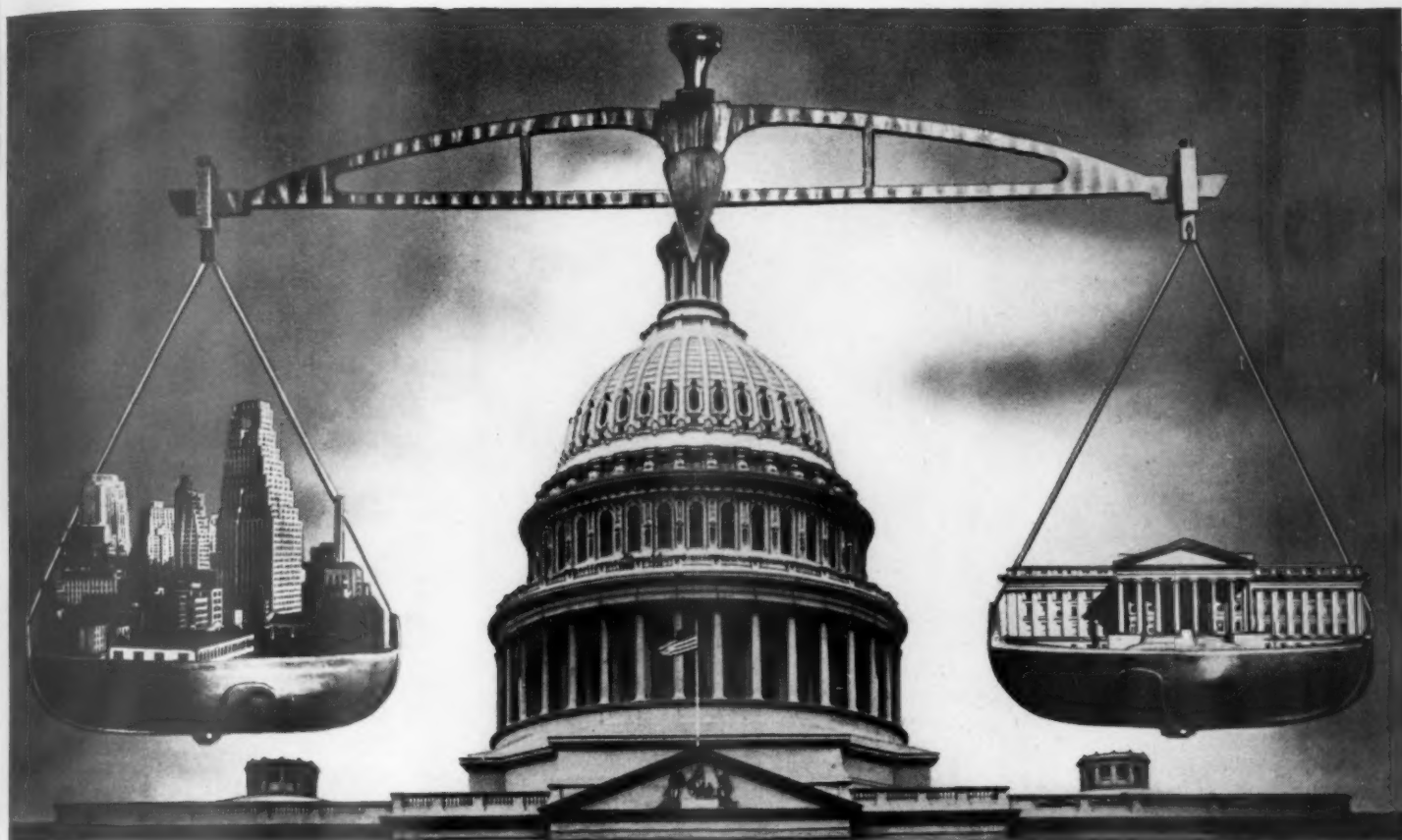


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GEORGE LOHR

We welcome every reform that does not place an undue burden on the Treasury or on our enterprise system

Let's Keep Our Balance

By W. GIBSON CAREY, JR.

AMERICANS going forward with their chins up and with confidence in their neighbors will always win, whatever the obstacles

FOR SOME months business activity has been increasing. Considering the low levels of 1938, this improvement probably has been a natural reaction, encouraged by a distinct trend toward greater government understanding of economic necessities.

The tax legislation of the last Congress is but one case in point. It is certain that all of us are encouraged.

There are two important fields of thought and effort in which business men are active.

One of these is the task of solving our unemployment problem, including the pressing necessity of finding jobs for many young men. Another is the preservation to the maximum degree of the rights of individuals, or, to put it in an-

other way, the dangers inherent in a too great centralization of power in Government.

Business men know that our economic and cultural progress as individuals and as a nation has been built on initiative, self-discipline, sacrifice, hard work, character and a belief in God.

We welcome every reform that does not impose an undue burden on the Treasury; which does not undermine the productivity of our enterprise system; and which does not endanger

unduly the freedom of the individual. Ideas of this sort are, we believe, the true yardsticks of our progress.

On September 1, our efforts to reach conclusions on our country's problems were interrupted, temporarily, at least, by the bombshell of another great war. Horror has been expressed from the Atlantic to the Pacific. Almost with one voice, our citizens have said that the United States must be kept out of this conflict. We are not cowards, we do not waver in fulfilling our obligations, and we do not lack in the deepest sympathy, but fortunately this is not our war.

The Chamber of Commerce of the United States was prompt to say this publicly. We repeat our convictions. It

is important to have every man, woman and child in the country know that American business abhors war. Its inhumanity, its futility and its disastrous social, political and economic consequences are fully apparent.

Despite the distraction of grave for-

What is this danger we must guard against? It is an upward and unbalanced spiralling of prices, and costs of production.

These are as closely related as the chicken and the egg, but first let us consider prices.



I can say flatly that business management in the United States is against profiteering at any time

eign events, we must return with all of our energy to our domestic affairs. The fact is clear that we are having, and probably will continue to have, as a result of the war abroad, an added stimulation to our business activity. This has come at a time when we were already on the upgrade. The result can be one of danger for us as a nation, unless there is wide understanding, good will and self-restraint.

I pose as no prophet. I am, however, in a position to get the views of many business men throughout the country. It is due to a sense of trusteeship that I am speaking now.

I want to make it entirely clear that I do not think price readjustments which have taken place so far are improper in any sense. In fact, price levels are now, on the average, about 80 per cent of those existing in 1926. I mention this, not because comparisons with earlier periods can ever be used as exact guides, but rather because this figure is at least indicative. The point I do want to make is that we have, at present, all of the elements which could lead to an inflationary situation, which temporarily we would enjoy, but which, in time, would require a most painful readjustment. Instead of this, what we

all want is a sound, balanced prosperity, the benefits of which will spread to every part of our country and to every citizen.

The natural inclination of many men who have been struggling for long periods with severe competition, low volumes and poor profits, or even losses, is to raise prices when a shift from a buyers' to a sellers' market takes place. Certain increases may be necessary and desirable, but the process should be moderate.

Furthermore, price changes upward should be made only to obtain fair profits considering all of the elements in the problem of each business organization. I can say flatly that business management in the United States is against profiteering at any time.

This is based not only on a regard for the public interest, but also upon a knowledge that comes from experience. The actual fact is that profiteering in the long run brings a reaction which more than offsets any advantages which have been gained.

Many factors in prices

IN CONSIDERING price policies, wise management weighs many factors; for instance, the effect of larger volume, the competitive situation, the desirability of expanding demand by low prices, the fair treatment of employees, stockholders and customers, and the financial necessities of the company. These are intricate considerations requiring experience and foresight.

I can assure you that right now thousands of business managers are weighing carefully the elements in their own firms, so that no unnecessary errors may be made.

Not only are these men thinking of the welfare of their own companies, but they are, I am certain, trying to proceed in line with the general public interest.

Along with this question of prices is that of wages and salaries so dominantly important in costs of production. As in connection with prices, improper trends here might be disastrous. On this subject, so much milk toast has been fed our people in recent years that it is considered almost heresy to talk common sense.

Because of respect for the working man and his problems, I have always made it a policy to speak out more forcefully in this controversial field than in any other.

The desire of workers, of white collar employees, of farmers, in fact, of everybody is to get full employment under good working conditions and at the highest possible real wages. By real wages I mean the value of what a man earns in terms of what he can buy. In recent years, we haven't heard enough of real wages or of how high standards

of living are actually based on low cost production. Rather we have chased our tails in the illusive but attractive circles of purchasing power, shorter hours and higher hourly rates. These are all right in their place, but the emphasis has been so abnormal that we have, with these and other unsound ideas, kept millions unemployed.

I need scarcely mention the disastrous repercussions on our economic, political and social life which have had their roots in this same unemployment problem.

We should now make a stupendous effort to offer a good job in private employment to every man and woman who needs work. We shall be more successful in this if we avoid raising wage and salary rates too rapidly. Remember that in every field where unemployment exists it is primarily in the unskilled group.

What does this mean at a time of rising volume such as we are now experiencing? It means that we can absorb the unskilled from the relief rolls, provided the skilled work somewhat longer hours.

There is no doubt in my mind that there will be, as our prosperity continues, a shortage of skilled people, especially in industrial plants. Likewise, I have no doubt that these people will be glad, when the opportunity arrives, to work a few more hours so that they may take home to their families a pay check which will buy more, not only of the necessities but the luxuries of life.

Longer hours may be needed

WE AS a nation have been sentimentally ridiculous in our cry for more and more leisure.

With machinery to help us, we shall not have to work abnormally long hours, but it is in my opinion certain that, to obtain the desired productivity in some phases of our economy, there will have to be a relaxation of the control of hours.

We shall also have to appreciate that the working of certain groups at, for instance, 48 hours instead of 40, does not necessarily reduce the number of persons employed. In many, many instances the exact reverse is the truth.

What I have said about the desirability both from the standpoint of solving our unemployment problem and from the standpoint of increasing real purchasing power is predicated on our success in keeping prices reasonable. No one can properly expect either wage or salary workers to be patient if costs of living get out of control and rise rapidly.

Another important element which I wish to mention is that our fiscal situation in itself unquestionably contains

inflationary possibility. This we must control, both in the interest of those with slender resources and in the interest of those who have savings in the bank and insurance policies. Experts for years have warned us of this inflationary tendency. It will, I believe,

into foreign markets. Make no mistake about the extreme importance of this business, both to agriculture and to industry. These connections can never be held if we adopt erratic price policies and if we take advantage of old customers who may temporarily be shut



No one can properly expect either wage or salary workers to be patient if costs of living get out of control and rise rapidly

begin to show itself more and more actively unless we keep the production cost and price situations on a sane basis. The greatest bulwark that I know of against inflation is the replenishment of our national wealth through a widespread productivity, the proceeds of which are in turn consumed or wisely invested to afford further productivity.

In the export field, we find another reason for maintaining low costs of production and reasonable prices. In times of war and in times of peace we ship a certain portion of our product from the farm and from the factory

off from the competition of other countries.

The dangers I have been outlining are in no sense reasons for fear. They are reasons for thought and for caution. My belief is that the problems I have been discussing should, and can be solved by public opinion after full discussion by our citizens.

All that I have said adds up to a plea for balance, for tolerance and for more and more good will. Americans going forward with their chins up and with confidence in their neighbors will always win, whatever the obstacles.

American Free Enterprise Built

By PAUL McCREA

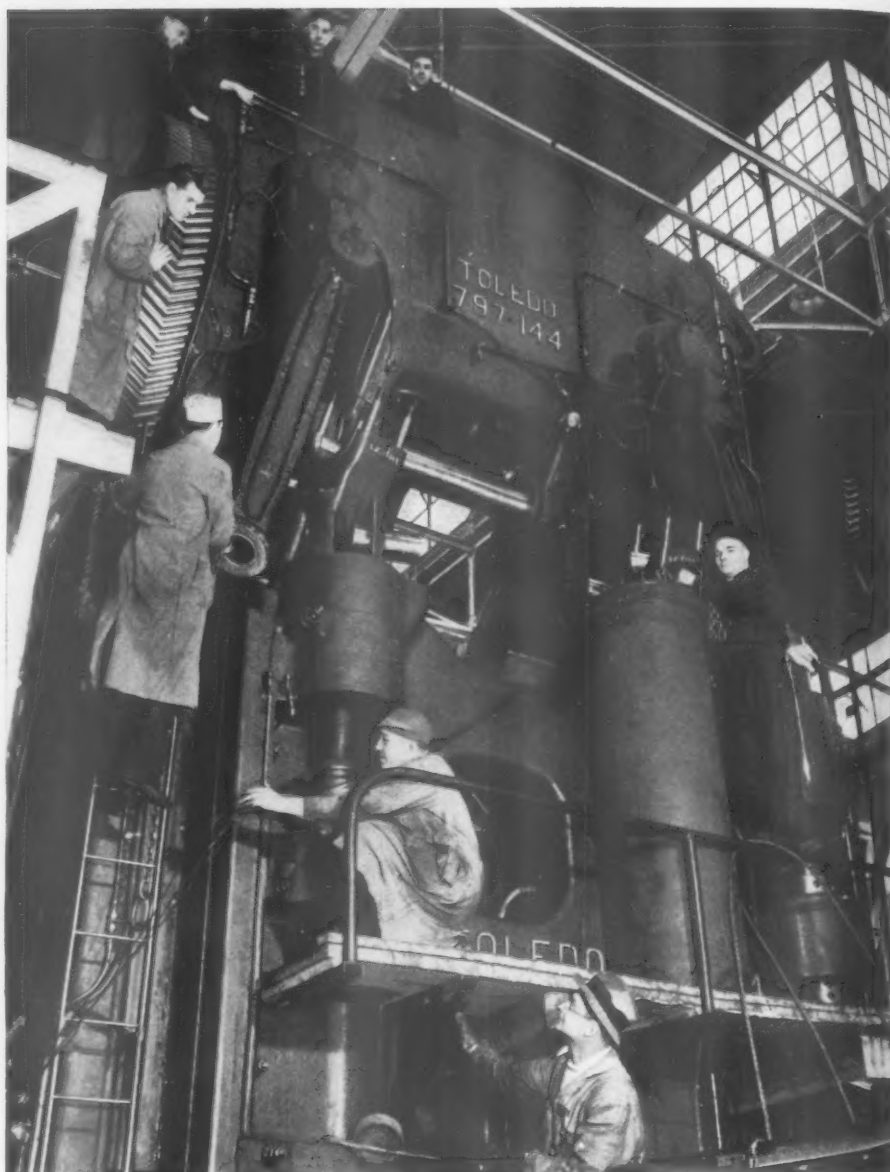
THE ANNUAL automobile shows are a lesson in applied economics. Ever ready to scrap old ways for new and pass savings on to consumers, the car builders have done their part to make progress an American custom

IN the year 1899 the city of Boston closed its parks to automobiles between the hours of 10 a.m. and 9 p.m. Runaway horses inspired the action.

Doubtless this gesture toward civic safety had the hearty approval of all respectable citizens. Reputable people had little use for the automobile. Only a rich man could afford one and only a fool would dare to drive it. The lengths to which such people would go if not properly curbed was demonstrated a little later in Minneapolis when T. H. Shevlin won the distinction of being the first motorist arrested for speeding. He was fined \$10 for driving at the unholy rate of ten miles an hour.

In the same progressive year, Chicago passed an ordinance that motorists might wear spectacles but not eye glasses.

All of this seems a little ridiculous to people who have come to accept the auto-



First to use special machines for car-building, American makers still lead, find better machines mean more jobs

mobile as an accustomed part of their daily lives. It is hard for us who are annoyed when an automobile doesn't run to recall the days when people were amazed because it did. And yet, men are still living and casually driving automobiles who would have told you once that they would never be able to afford a car and wouldn't have it if they could.

The Smithsonian Institution says Charles E. Duryea built the first American gasoline automobile in 1892.

The same year Fiske Warren, in Boston,

Duryea in his "Road Wagon," called first American-built automobile



BROWN BROS

the Motor Car



In an Oldsmobile like this, Roy Chapin drove from Detroit to New York in 7½ days



They used to call it "joy-riding" in spite of frequent punctures and clincher tires which, after repairs, were pumped up by hand



Cranking was one job that got harder as motors improved. A tragedy inspired the final experiments on self-starters

built the first American electric automobile.

It is old stuff, of course, to compare these feeble and uncertain pioneers with their modern descendants. People who visit the 1940 auto shows to inspect the sleek monsters with sealed beam headlights, solid steel bodies, safety glass, scientific springing, high compression motors will be far more interested in where we are going than where we have been. The man who is buying a car in which he expects to ride thousands of miles with no delays except for gasoline and lubrication

The 1903 cars represented advance



Because, even the most hasty glance will demonstrate that, in the automobile industry, the system of free enterprise has worked as economists from Adam Smith on down have said it would work if given a proper chance. It has worked equally well in other industries, too, but we are talking, at the moment, about automobiles.

Free enterprise

TO GET this thing straight in our minds, let's see how the economists expect free enterprise to work. According to the theory, the sequence starts when some man produces something which satisfies a great public need or desire. In the beginning the buyers must take what he gives them but soon, other men, seeing the large potential number of customers, enter the field as producers. This not only increases the supply of goods but leads to competition among the producers. Each, to get his share of the business, must try to improve his version of the product and to lower the price. To do this, he must improve his methods. Everybody benefits except some of the producers, less adept than others, who fall by the way-side.

So much for the theory. Now let's see how it worked in the automobile business:

The year 1903 was a big year for the automobile industry. Cars produced totalled 11,235 and they were beautiful things. The tonneaus opened in the rear like a dress shirt and the one or two-cylinder motor was under the front seat, except in the Locomobile which had gone to four cylinders set under the hood. The steering wheel had replaced the tiller bar the year before but honeycomb radiators, T-head cylinders, sliding transmissions and shock ab-

sorbers were new developments and wheelbases were increased from 94 to 96 inches.

Barney Oldfield was racing in the Ford 990, Ridgway in a Peerless, Fusedick in a Winton, Fisher in a Mohawk, Baker in a Torpedo Kid and Charles Schmidt in a Packard Gray Wolf. Another Packard, driven by Tom Fetch and M. Krarup, crossed the continent in 61 days and the Oldsmobile "Pirate" set a speed record of five miles in 6.5 minutes.

A few of these cars had windshields. Most were chain driven. Tire changing was a frequent and dirty job and such accessories as horns, speedometers, and gauges were extra or not yet invented. The next year Pope-Hartford made oil lamps standard equipment. The industry criticized this as setting a bad precedent. Yet the average price of the cars made by the association of licensed automobile manufacturers was \$1,170.

That average steadily increased until it reached \$2,137 in 1907. But by that time a peculiarly American change had taken place. Competition was beginning to force manufacturers to find ways to make better cars at lower

prices—and competition was plenty keen. The casualties were enormous. A few of those who survived it are still going strong—Oldsmobile, Buick, Studebaker, Cadillac, Packard, Reo and White (now making trucks) among them. But who remembers Automobile Fore-Car, Boston, Buffalo Automobile, Buffum, Canda, Century, Conrad, Crouch, Hewitt-Lindstrom, Holley, Keene, Klock, Strathmore, Adrian, Bramwell, Church, Meteor—to name only a few? By 1907 some 500 concerns were either in the business or had already been washed out.

Nobody seems to know when the assembly line method of manufacture was introduced into the automobile industry. Certainly the idea was not new. Samuel Colt was using it in the manufacture of arms by 1848. His method, as he explained it in a letter to his father was:

The first workman would receive two or three of the most important parts and would affix these together and pass them on to the next who would add a part and pass the growing article to another who would do the same and so on until the complete arm is put together. . . . Each arm would be exactly alike and all its parts

(Continued on page 78)



BROWN BROS.

In 1908, this car was good enough for the President of the United States, silk hat and all. Today the poorest job on the used car lot is more automobile



Alfred P. Sloan (left) listens to Mr. Kettering's reminiscences as they examine the first self-starter



The Citizens Clean House

By O. K. ARMSTRONG

LAST MAY the civic face of Kansas City, Mo., was plenty red!

Daily, with every edition of the newspapers, citizens were learning just how inefficient and corrupt their municipal affairs had become. Business men were learning that they had been swindled, duped, sandbagged and racketeered by one of the most powerful political machines of the present age. Taxpayers were discovering how neatly the machine had looted their public treasury, padded the pay rolls, and held the municipal charter in lofty contempt.

Then something happened. The citizens, under the leadership of outstanding business men, took over. A "Forward Kansas City Committee" was formed and, during the succeeding months, it has directed the biggest civic clean-up in recent American municipal history. Now it is digging in as a permanent organization, a modern Vigilante group that plans continuously to combat waste and graft

BACKED by a united public opinion, business men's organizations decided six months ago to clean up Kansas City. Here is the report to date

in the public affairs of Kansas City.

Early this month the Forward Kansas City Committee will complete its first half year of activity, with a record of accomplishment as bright as the conditions that brought it into being were deplorable. Reports are being prepared which will show numerous reforms in administration, replacements of political stooges with high-class personnel, elimination of wasteful methods and an estimated saving of at least \$1,000,000 in the municipal budget for next year.

The story of Kansas City proves that an aroused public opinion can transform things in a hurry. Business men there will tell you that things

needed transforming, badly. Many of them knew that political skullduggery was costing them enormously in taxes and in racketeering. But fear restrained them. They dared not oppose the machine.

Then came action by a few honest, courageous public officials that started the ball rolling. Write at the head of the list the name of Governor Lloyd C. Stark. He staked his political future on a crusade to break the machine's power. He sent his investigators into Kansas City to uncover and place before a grand jury the facts pointing toward the unholy alliance between corrupt politics and organized crime.

Give credit also to Judge Allen C. Southern, who picked that grand jury from a list of outstanding business and professional men and told them to get busy and indict "the big ones who control the criminal element." Add also the name of Maurice M. Milligan, the federal district attorney who exposed the vote frauds perpetrated by the machine.

When the first news of the shocking irregularities in the city's finances broke, President R. J. De Motte, of the Kansas City Chamber of Commerce, announced the appointment of a Citizens' Audit Committee. He selected



Governor Stark

selves with the Committee in the first week. Within two months, more than 20,000 signed as members. They pay no dues but contribute on a voluntary basis. More than 400 volunteered for active work and were assigned to the 18 subcommittees found necessary to organize the crusade of investigation and correction.

The Committee nailed to its masthead the following program:

1. Completely eliminate the influences and conditions responsible for dishonest and expensive government.
2. Restore faith and confidence in the administration of our public affairs.
3. Make complete surveys of the finan-



J. W. Perry



Ward C. Gifford



R. J. De Motte



Judge Southern

two business leaders from the Chamber, and requested two each from the Real Estate Board, Manufacturers' Association, Clearing House Association and Civic Research Institute. These ten men elected Ward C. Gifford, chairman of the Chamber's Taxation and Public Finance Committee, as chairman.

An audit for good government

MR. DE MOTTE took his committee to see Mayor Bryce Smith.

"We've come to make a complete audit of the city's books," he said. Mayor Smith promised immediate cooperation. The committee set to work.

Then the political boss was indicted on an income tax charge. Lieutenants could hardly believe it.

Then they hoisted a challenge. The machine, they said, would carry on as before. There would have to be some adjustment, of course, but the organization would stay intact.

The citizens' astonishment turned to sharp anger.

"Now or never!" was the battle cry.

The law-abiding people of the city that proudly calls itself "the Heart of America" swung into action. The Citizens' Audit Committee suddenly found itself backed by a militant public opinion. Numerous organizations volunteered to investigate conditions and apply the clean-up brush. To avoid duplication of effort and to unite



Maurice M. Milligan

A few of the men who took the lead in breaking the power of the machine over Kansas City municipal government

all forces intent upon restoring honest and efficient government, the Forward Kansas City Committee was formed.

J. W. Perry, retired banker, was made general chairman, and Joseph E. Brown, publisher, executive director. Mr. Perry announced at the organization's first meeting:

Gentlemen, for a generation a political machine has stolen everything in our wallets and finally purloined our pants. It must not happen again.

To see that it didn't happen again, about 300 business men aligned them-

selves with the Committee in the first week. Within two months, more than 20,000 signed as members. They pay no dues but contribute on a voluntary basis. More than 400 volunteered for active work and were assigned to the 18 subcommittees found necessary to organize the crusade of investigation and correction.

4. Insist upon enforcement of all provisions of the Kansas City charter, and of all state laws and municipal ordinances.

5. Eliminate immediately and permanently all unnecessary and incompetent employees from the public pay rolls.

6. Make known all pay rolls, costs and transactions, that the citizens may know their own public business.

7. Recommend a program for the improvement of conditions which will encourage industrial and business expansion in Kansas City and our trade territory.

8. Restore the good name and reputation of Kansas City as a law-abiding community and a good place to live.

"First, get the facts," was Chairman Perry's initial order. The Citizens' Audit Committee was retained as the spear-head in the huge task of investigating and auditing public finances.

The facts were no longer hard to get. A few months before, any critic found snooping into facts and figures would have been kicked down the steps and told to mind his own business. Now the Committee's auditors walked boldly in, took possession of the city's and county's books, while out the back door walked many of the public officials, some to resign, many to face swift indictments, one to commit suicide.

Here was a group of citizens virtually taking over the administration

of public affairs. Strength of the group lies in an aroused public opinion, of course. Hardly a business firm in the city but now is represented on the Committee while thousands of individual citizens add their financial and moral support. It is a remarkable example of effective attention to public business by the citizens who pay the cost of government and presumably benefit by it.

What did the Committee workers find? First of all, that the taxpayers had been suckers.

Take the pay rolls. One of the subcommittees deals with that subject alone, and it has found enough evidences of irregularities to keep it busy for six months longer. Machine politicians loaded down the major departments with relatives and friends. Then they padded the rolls with political errand runners and ward workers.

From the Health Department, for example, the Committee smoked out hundreds of drones. They were called "health inspectors," "sanitary inspectors," or some such title, and, according to the admissions of many of them, had nothing to do but draw their pay. Municipal Hospital was

found to hold nearly 100 more employees than patients!

Angry business men have appeared before the Committee—and before the grand juries—to insist that the principal activity of many of the useless employees in various departments was political racketeering—enforcing allegiance to the boss by intimidation and collecting the spoils for machine coffers.

"Workers" with no work

AMONG the phony inspectors was found an employee of the Sanitary Division since sentenced by the federal court as the leader of a narcotic ring. Questioned by auditors of the Committee, this pillar of the municipal government cheerfully confided:

Hell, shortly after I was appointed, Kansas City's health got so good I had nothing to inspect!

"At least one-third of the city and county pay roll is sheer waste," reads the report of the subcommittee handling this matter. Bluntly the figures are listed:

The county clerk's office employs 61 persons at a monthly cost of \$5,750. Only 35 required in this office, at a cost not to

exceed \$3,450. . . . The director of county buildings employs 72 persons at a monthly cost of \$7,665. Only 48 are needed, at a cost not to exceed \$5,000. . . . In June the circuit clerk's office showed a roll of 52 persons, at a cost of \$5,052. The roll should be cut to 36 and the cost to \$3,500. . . .

The report severely condemns payments of pay rolls without approval of proper authorities, the shifting of employees for easy padding and numerous other costly practices that went on without the knowledge of the public or the sanction of the law.

Now for results. The Committee takes direct, positive action. Regularly the subcommittees report their findings to the executive board and the next move is decided upon. In the case of padded pay rolls, a strong-arm squad (who wouldn't want to be called that publicly because they are ten or a dozen of the biggest business men and taxpayers in Kansas City) calls on the mayor, or on the department heads.

We've come to see about the resignations of such and such and so and so—

And they get those resignations. Within a few weeks after the committee (Continued on page 72)



They have uncovered the racketeering that levied upon wholesaling, retailing and all other business activities by fees, regulations, forced purchases



A ship's officer demonstrates the use of the oxygen mask while a federal ship inspector looks on



No detail is so small as to be overlooked. Here the inspector is examining a life buoy equipped with flare



Fire extinguishers have to work. One with an improper cap recently blew up, cost an inspector his eye

Pity the Poor Ship Inspector

By CHARLES FREDERICK McKIVERGAN

"... **A**ND there he hung upside down, one foot caught in the ship's ladder and his head under water."

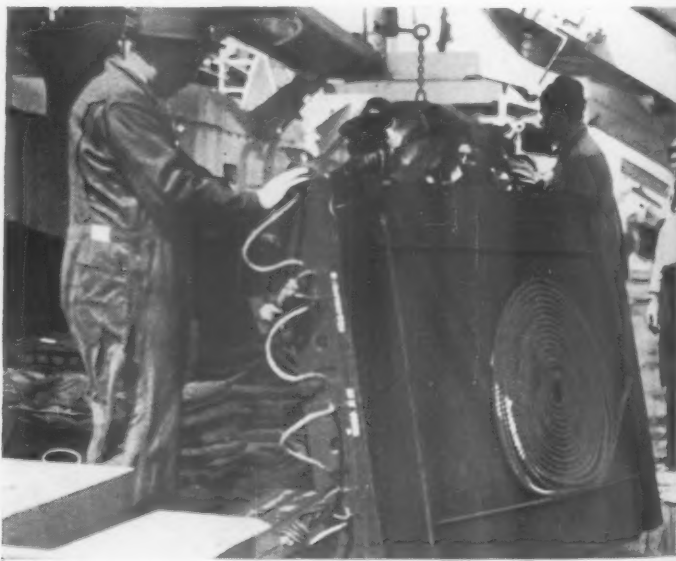
"Then?" I demanded of my host, Capt. Robert B. Clark, inspector of hulls, attached to the United States Bureau of Marine Inspection and Navigation.

"Well," he continued, "I grabbed him by the shoulders and held his head out of the water. I shouted to some stevedores, who came on the run and helped me free him and pull him up on the dock. When we finished rolling the water out of him, the first thing he asked was what the devil happened to his corncob pipe."

Who was the rescued man? Only a veteran federal ship inspector who lost his footing while boarding a vessel and almost drowned before help arrived.

But the chances are that not more than one business man in ten knows that nearly all the 1,500 passenger boats and most of the freighters, tugboats, towboats and barges operated in American waters are under the constant supervision of a federal Bureau of Marine Inspection and Navigation, which has a two-fold purpose: to eliminate as far as possible the conditions that experience has shown to cause accidents on the water, and to place responsibility for the marine mishaps that, in spite of all the efforts at prevention, still occur every so often. The actual inspection work of this little-known Bureau is carried out by some 300 ship inspectors who, as far as I am concerned, can have their jobs.

At least once every year, the inspectors must examine each one of the 7,000 vessels under their supervision—procedure that is far from being a hit-or-miss affair. Actually, it is a laborious, painstaking process that requires several days. Often two inspectors, working as a team, spend



The ship's life rafts must fulfill certain requirements and be ready for any emergency requiring their use



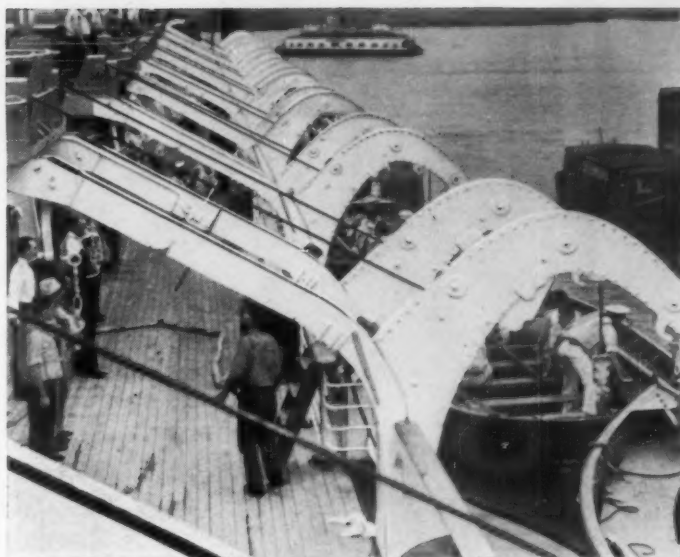
When possible, inspectors examine boilers from the inside. If the inspector is a big man, getting out is a problem

a week going over a ship in drydock before pronouncing her seaworthy and suited for her intended use. For this reason, the inspections are usually made when the craft are laid up for repairs. It costs the owners \$1,500, and sometimes a great deal more, daily to keep a big boat out of commission.

Inspection is detailed

FROM bow to stern, and from the tips of her smokestacks to the outermost plates of her bottom, each ship is subjected to detailed scrutiny. The inspection is extended into every nook and crevice into which it is possible for an inspector to go. But perhaps most important—in the eyes of the inspectors, at any rate—is the testing of the vessel's boilers, since subsequent explosion of a boiler passed by an inspector would leave the latter out at the end of a limb, with Uncle Sam's forgiveness most improbable.

When possible, an inspector actually enters the boiler to obtain, with the aid of a flashlight, a view of its interior. Simple to accomplish? For a human skeleton, yes. But for an inspector who weighs perhaps 175 or 200 pounds, it is

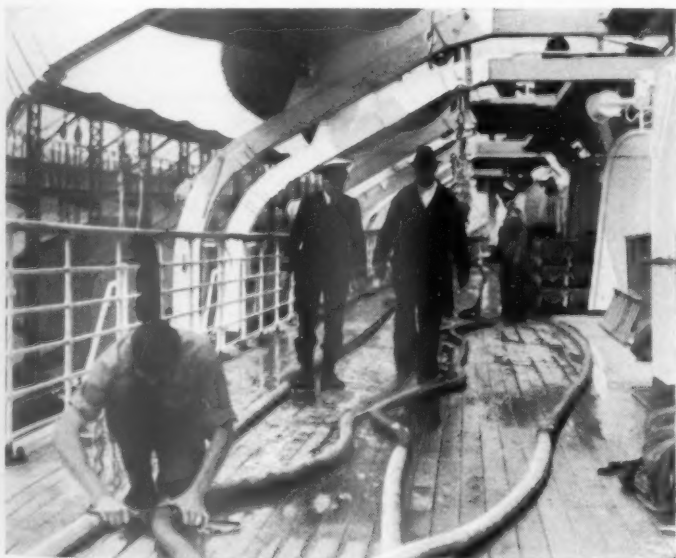


Lifeboats and equipment for launching them must be in good condition, and crews must know how to use them

always a difficult undertaking. Getting out again through the narrow opening is, in turn, first cousin to a miracle. As often as not, exit is accomplished only after the inspector has indulged in some fancy wriggling and has been pulled, tugged and sworn at by his assistant stationed outside the boiler.

After a boiler has been examined inside and out to determine its ability to stand alternate heating and cooling, a hydrostatic pressure, one and one-half times ordinary steam pressure, is applied. The theory is that a boiler withstanding this force should be able to bear any pressure generated in normal operation. If it doesn't, it's better to find this out when only the inspectors and a skeleton crew are on board. Boat passengers have an avid dislike for being blown to bits.

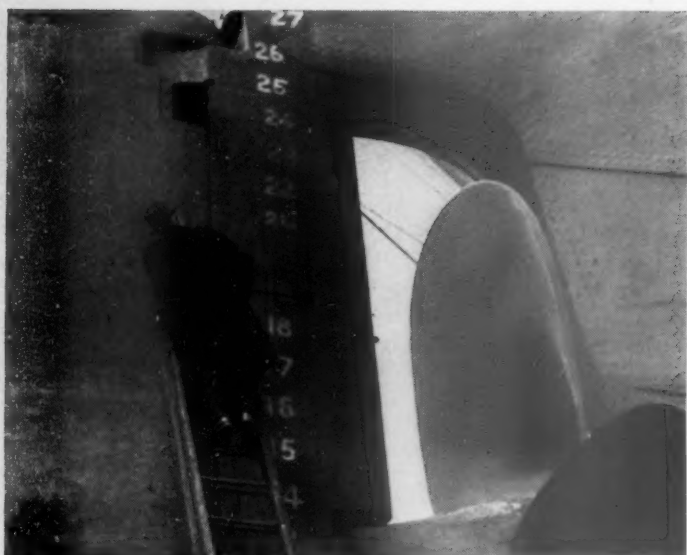
Another place subjected to minute examination is the ship's bowels. Many vessels have a "water bottom," consisting of shallow tanks that, filled with water, serve to keep the craft on an even keel. In the course of the federal inspection, these tanks, which form labyrinthine tunnels and passages so low a man can barely crawl through them, are emptied and an inspector is told off to test their interiors. In winter, this task is particularly unenviable, because in-



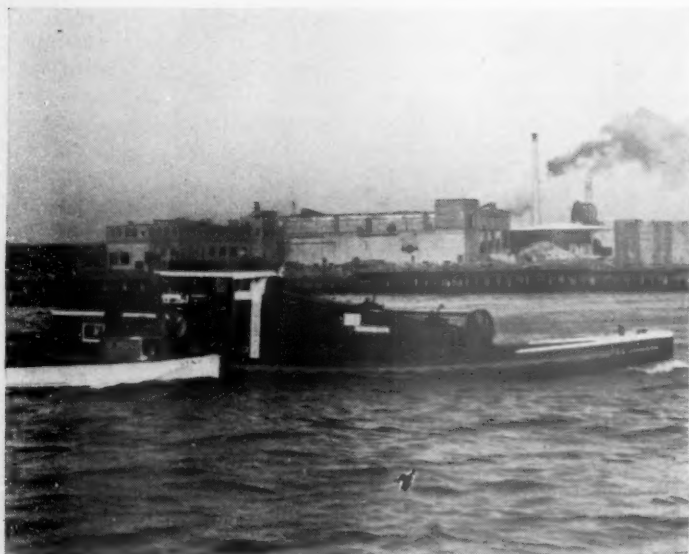
Accompanied by the ship's officer, this inspector is testing the fire hose aboard a passenger craft



Air tanks of lifeboats are examined. Most inspections are made while vessels are in drydock, to save time



Everything inside and out must be approved. This inspector is examining the sternpost of a ship in drydock



Even small craft like this tanker must be certified by the inspectors before being allowed to operate



With a deck hand to assist him, an inspector condemns torn and damaged life preservers

variably there is an inch or more of dirty water that the pumps fail to remove.

Entrance to the tanks is through manholes leading from the ship's hold. The examining inspector, carrying a hammer, lowers himself through one hole while an assistant with a flashlight descends a similar opening a short distance away. Remaining in one spot and throwing the rays of his light in the proper direction, the latter serves as a beacon toward which the examining officer worms his way. As he does, he tests the soundness of the tank with his hammer. By entering each tank in turn, the two men are able to inspect the boat's "water bottom" thoroughly, if not easily and pleasantly.

Every piece of operating equipment is also inspected. Whistles, bells, fog horns, running and signal lights, and the steering apparatus are all tested. With the skipper of the boat giving the orders, the crew is put through life preserver and lifeboat drills. The alarm is sounded for a fire drill and the members of the crew take their stations. An inspector, watch in hand, times the work.

In the life preserver drill, each man is compelled to equip another with a preserver. Speed is essential and the inspectors are there to see that no moment is wasted. Lowering of lifeboats is undertaken by the crew as part of the inspection. The inspectors tolerate no laxity, no violations of the increasingly strict code they have set down for vessels. This may be illustrated best, perhaps, by a recent incident.

Things do go wrong

TWO inspectors, visiting a ship, ordered a lifeboat crew, under the vessel's first officer, over the side. The boat was lowered with the crew. Then there was a moment of suspense. The inspectors hung over the deck rail, waiting for something to happen. But something wasn't happening. It seemed one member of the crew couldn't row and, in the excitement, another had lost an oar.

There was a glint in the inspectors' eyes. They regarded the first officer.

"Row that boat," said one of the inspectors in blistering tones. "Row it, mister, and keep on rowing it for two hours every day your ship is in port or you lose your license."

Upon finding a vessel and her equipment fit, the inspectors issue a certificate of inspection, without which the craft cannot legally be operated. On this permit, which must be posted under glass where passengers may see it, are listed the number and classification of the officers and men who constitute the crew. At no time, without special permission of the inspectors, may the boat leave port unless every member of this personnel is aboard.

Obviously, a ship, however seaworthy, would be a dangerous vehicle in the hands of an inefficient crew. To the Marine Inspection and Navigation Service, therefore, is also delegated responsibility of examining and licensing the more than 100,000 employees who participate in the navigation of our boats. Masters, mates, pilots, engineers, able seamen and lifeboat men must all meet technical and character requirements which are growing more exacting each year.

To win appointment, a federal ship inspector has to demonstrate an extraordinary amount of marine and technical knowledge. He is required to have served a minimum of three years as ship's officer. It is not unusual, therefore, to find men in their ranks holding a master's or chief engineer's license. Certainly every one of the inspectors now on Uncle Sam's pay roll can point to many years of active service aboard vessels of the types they supervise.

Under the system, the nation is divided into seven supervising districts, each under a supervising-inspector. These districts, in turn, are divided into 48 local districts, in each of which a local inspector of hulls and a local inspector of boilers jointly make the examinations. They are aided by assistant inspectors, whose number in a given district varies

(Continued on page 77)

If for no reason except selfish interest, business wants no war profits



Peace Versus Profits

By RUSSELL L. GREENMAN

American business wants peace. All business! Bankers, steel magnates, munitions makers, and merchants. As individuals, and through their national organizations, business men have left no doubt that, as between peace and war profits, they choose peace.

Of course, they want a just peace. They are not pacifists. They are willing to work and fight to protect this country's own legitimate interests. At the moment they do not think that American intervention in the European war is necessary. Certainly they have no intention or desire to get this country involved in the war just as a means of stimulating business and creating opportunities for profiteering.

It is not merely altruism that makes business men oppose war. Question their humanitarianism, if you will. Doubt the sincerity of their sympathy

for the victims of modern warfare. Let the demagogues continue to put them in the worst possible light. Business men can take it. They have been taking it throughout ten years of economic adversity. But all this time, business men have been demonstrat-

however, the earnestness and conviction with which American business men are striving to keep this country out of war. In this determination, the crossroads store proprietor and the captain of industry are united. Why? Here are some of their hard-boiled, materialistic reasons:

BUSINESS men know that war profits are in the long run small compared to peace profits. But war also brings fateful problems for business

ing their humanitarian aims and objectives by sustaining employment, employees' earnings, and consumer purchasing power when profits were either non-existent or negligible.

Call it sheer selfishness or anything else you want. Let no one question,

1. War profits would be illusory. Government would either take the lion's share or, through price-control measures, would keep down profits to negligible levels.

2. The aftermath of war would be a long depression and business catastrophe.

3. War would mean regimentation of business, if not absolute dictatorship.

And the greatest of these is dictatorship. No matter how tempting might be the prospect of high war profits, business men do not want to trade their traditional freedom of initiative for an American Hitler.

Yes, that seems to be the alternative. Already plans have been laid out

enable the federal Government to assume virtually complete control over industrial operations at the outset of war. These are not New Deal plans. They have been in the process of formulation ever since the end of the World War. They would go into effect almost automatically, no matter what political party or faction happened to be in power at the outbreak of war.

There is no need to review here the elaborate blueprints that have already been drafted for war-time control of American industry. These have been broadcast in many places. Moreover, a complete statement of the Government's "Industrial Mobilization Plan—Revision of 1939" can be obtained for the asking by anyone.

These plans, essential as they are if the United States should be forced into war, provide convincing evidence to demonstrate why war would be anathema to everyone who cherishes real democracy. Who wants to invite a situation wherein his daily actions as employer, employee, or consumer would be governed by priority boards, price-control authorities, and war trade and labor administrations?

Executives with business connections in Canada or abroad have already been hearing much about the government controls under which these countries are now operating. Government bureaus have taken over entire industries; competition and freedom of action have been eliminated. Key executives have been transformed into government bureaucrats. Rank and file employees have been put on government pay rolls. No wonder American business men do not want the same sort of thing to happen here. Their friends abroad are wondering, with good reason, whether they will ever get their business back; whether war dictatorship does not inevitably mean the end of the free enterprise system.

Business does not want war

IF WAR should come, if preservation of American democracy necessitates our intervention in the European hostilities, then, as patriotic citizens, business men would accept the consequences as readily and with as complete patriotism as their confreres

abroad. But, if war does come, it will not be brought about through the machinations of American business.

Even if they had the will, business men in this country have no time for war-mongering activities. They have more than enough to do in adjusting their operations to new situations engendered by the war in Europe. Already a limited national emergency has been officially proclaimed in the United States. What does this mean for business? Three major problems are presented:

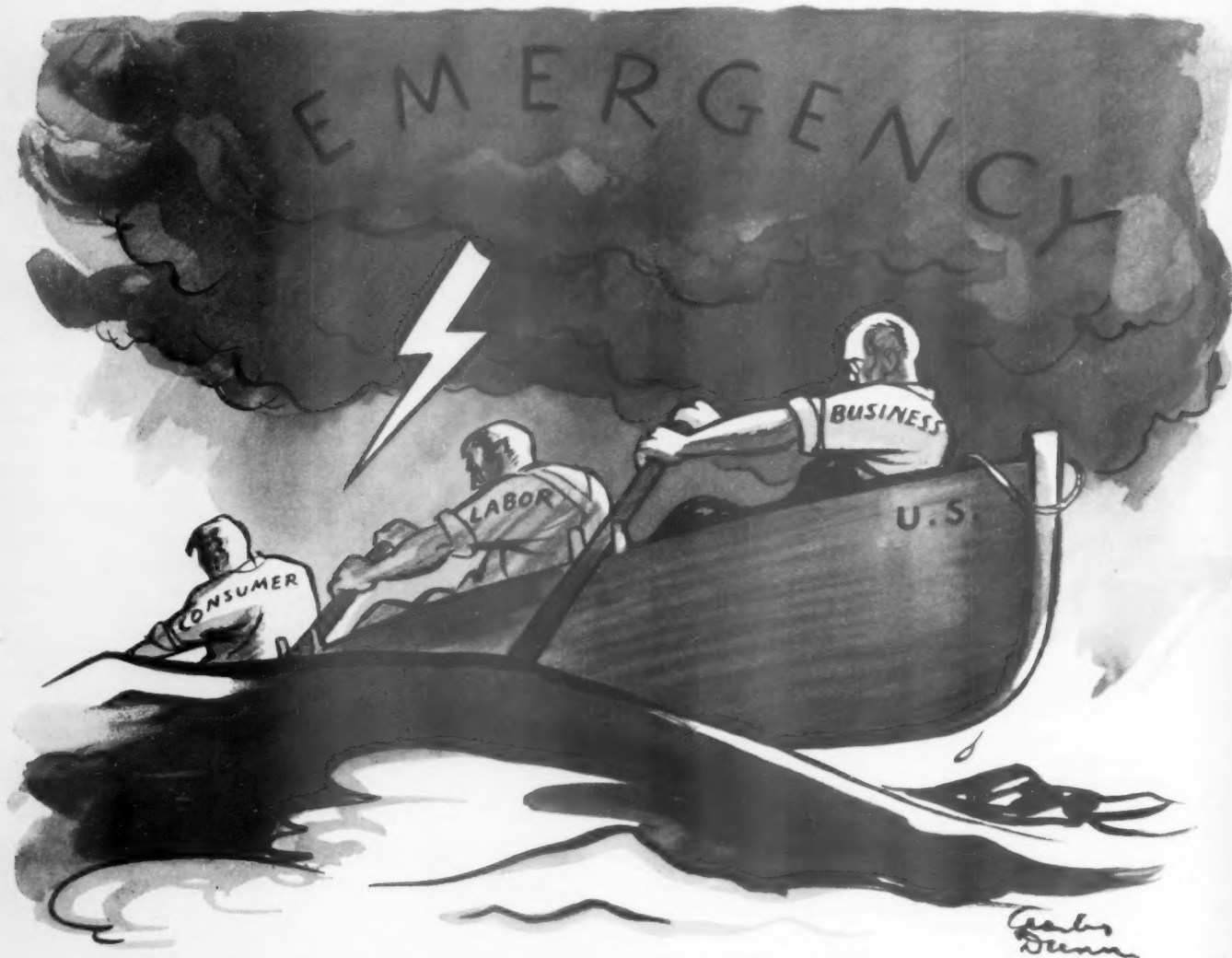
1. How to key current business decisions to the emergency policies of the federal Government.

2. How to readjust current production, sales, pricing, and labor policies in the light of the upturn in business activity already under way.

3. How to mold these policies in a way to avoid any excuse or pretext for further regulation of business to curb real or fancied profiteering by private enterprise.

In short, business executives are now most concerned with the problems of determining how to operate profitably while remaining at peace.

The federal Government's emergency
(Continued on page 68)



The interests of business are linked with those of labor and the consuming public. All are in the same boat as far as war developments are concerned

A Strike Was Called . . .

By ROBERT C. MUNTER

A WORKER, who stayed on the job inside a strikebound plant reveals in this article the thoughts and feelings of employees caught against their will in labor strife. It is a point of view that deserves more attention than it gets. The public has been told the opinions of labor leaders, government officials, company managers. Seldom have those most affected by labor disputes been so articulate in expressing their own feelings in the matter

"Come Out, You Scabs..."

IT WAS twilight when we came in through the blast furnace gate. The smoke from the power house stacks washed long black lines in the sky, and the stoves of the furnace, so ugly in the bright glare of the sun, looked strangely beautiful in the soft light.

A crowd was gathered around the lab and voices were sharp and distinct in the night air.

"Well, if they call it, the coke plant is in 100 per cent. . . ."

"Yea, just heard it before I left the house. The meeting ought to be over pretty soon. And if they vote a strike with all these guys in here, they certainly are a bunch of dumb sons . . ."

"Hell with sleeping in this hole. I'm waiting till ten o'clock and if nothing happens this boy is going home to bed. . . ."

We figured that, if the strike broke, there would be more happening down below. So we started on down toward the main office.

Past the giant ore bridge with its girders forming a pattern of steel lace against the ever darkening sky . . . the coke quencher with a cloud of steam slowly mushrooming about it . . . the great piles of coke and coal . . . the pig machine in operation with flames and sparks dancing along the conveyor belt and the steady thump, thump of pigs dropping into the car . . . the open hearth where they were tapping number two in a blinding glare of light . . . the staccato roar of air

hammers in the billet shed . . . the crack 12 inch mill shooting red hot half inch rounds out on the cooling beds . . . on up the hill.

Cars were still coming leisurely into the plant when we passed the police shanty. The cops looked crabby and out of temper as they tried to find parking places for the cars. It seemed like half the town was trying to get into the plant.

In the main office the corridors were filled with a restless crowd of perspiring men, standing in groups, arguing, smoking, spitting. In the smaller offices poker games had been started. But everywhere there was that feeling of tenseness—of men waiting for what the latest reports said was inevitable, the arrival of the pickets.

And they were not disappointed.

They came about 10:45. In ten machines which pulled up at the Second Street entrance and disgorged about 50 men, yelling and cursing as though mad. Some formed a line across the road and began to stop cars. Others searched the fields for planks and boards for a barricade.

Two huge trailer trucks tried to leave the plant and were shunted back.

"Scab steel now, brother."

A car came roaring up Second Street and careened into the plant, followed by a hail of bricks and stones smashing the back windows. Several fights started out in the street and in the general mêlée and confusion one could not make out the combatants. The crowd was getting bigger now. Women and children appeared over in the fields watching.

A car without lights came creeping down the road from the east and suddenly turned in over the lawn in front of the office. The pickets gave chase and only stopped when the company police ordered them back. They retreated slowly, inviting the cops to take off their guns and come on out and fight.

A car stopped in the crowd of pickets and some one began to shout orders in a foreign language. The pickets cheered and then hurriedly scattered up and down the road.

Flashlights appeared and they began to watch the fields to the south. With Second Street blocked to traffic from down below, it was evident that the only way to get in was across the fields.

A crowd of employees gathered around the main office and for a while there was talk of going out and cleaning up the streets. But nothing was done. And the men started to drift



EDWARD F. WALTON

Next day father and son walked past the pickets carrying their buckets. They came right on in

away in search of a place to sleep.

We got a mattress and a blanket from the janitor of the office building, went upstairs and made our beds in a back office.

It seemed funny after the comforts of home. Sleep did not come easily to anybody, most of the fellows tossed and smoked the night away.

As the hours passed and the night

We did not ask Pete where he was going. He had finished the letter and was gazing intently at a snapshot of his wife. Suddenly turning toward the rest of us with a kind of hazy look in his eye, he said:

"You know, guys, she isn't so bad looking after all."

It would have been a hell of a thing to have laughed.



Men came pouring out half-dressed. Big, strapping negroes with axe handles and knives, Italians with handfuls of bolts and carrying iron pipes

began to fade in the east, one thing began to sink in. The strike was not going to be an afternoon tea.

"The Will to Live"

FOUR of us were stretched out on cots in the back room of the lab.

We had moved the acid cases over into the next room and had set up our beds in a row under the windows. It was the coolest place we could find and, if you worked the midnight turn, there were burlap sacks to keep the light out. When the mosquitoes and the June bugs got bad, we took the screens off the sample room and put them over our windows. Things could have been worse.

Barney was reading a detective novel, Pete a letter from his wife and the rest of us the evening paper. A hot dry wind blew through the window and the cab of the ore bridge as it moved back and forth sounded like a never-ending procession of street cars.

Chuck dropped his paper on the floor, snapped a cigarette butt up against the wall and asked:

"What you guys doing tonight? How about some poker?"

Barney had a date with one of the restaurant girls so that counted him out. The rest of us wanted to see the ball game between the two colored teams. So Chuck had little choice but to come along.

Upstairs the radio started to blare the baseball scores and you could hear the bunch from the coke plant shifting around as they waited to use the phone.

Somebody mentioned that it was about time to eat. And out of long habit we looked at Nifty. Without even looking up from his newspaper he started enumerating:

"You can get steak at B., ham at A., and pork chops at the Tin Plate."

We didn't care what any restaurant had. What concerned us was where Nifty was going to eat. He worked extra in the restaurants.

"I'm going to B. That cook can do a steak if nothing else. Besides they got strawberry shortcake."

"Why don't you go up town?"

It was Frank standing in the doorway with a bundle of freshly laundered clothes under his arm. We had been wondering where he had disappeared to after work and now that the secret was out, we hopped on him immediately.

"Did you wash them or are they always that black?"

"So the wife deserted you, huh? Whatsa matter?"

Frank took it all with a kind of half grin and when we eased up, he thumbed his nose.

"Conceived in Liberty . . ."

WE ASKED the cop what the women were doing there. Those three foreign

women in cheap print dresses standing by the gate, arguing, gesticulating and plainly out of mind.

"Oh, them. Why they're here to get their husbands. The dirty rats have threatened to blow up their houses if they don't get their men out."

As we watched them we could not help thinking of another scene that took place down in a plant office the day before. When they called in Mike to tell him that his house had been dynamited in the night. The whole front had been blown in, his wife and kids escaping miraculously.

That first look of bewilderment as though they were kidding him. Then realization, bringing rage and incoherent ranting in his native tongue. And when they led him over to a car, tears were running down his cheeks.

Like the three women standing there by the gate, Mike had left some country in Middle Europe. Middle Europe with its mountains and rolling hills. Dotted with farms and villages and old world cities. With their musty architecture, their queer customs, their poverty, their marching soldiers everywhere. . .

He left all this for America.

Where there are no dictators, no secret police, no marching soldiers. Where a man can speak his mind freely and worship God as he pleases. Where parents can educate their children to be doctors, lawyers, technicians. Where a man can find work and own a home and perhaps a car. Where a man can work without paying tribute to any one.

Somewhere along the line America had let Mike down.

"Picket Lines Were Moved Across the Pennsylvania Tracks This Morning. . ."
(Newspaper Clipping.)

We were standing in the lab watching Hays titrate a chrome and waiting for the morning news flashes. Down at the restaurant they had been talking about the heavy concentration of pickets up at the north end of the coke plant. But we never even thought of investigating. There were so many wild stories circulating. . .

Suddenly somebody started to yell like hell outside the lab and we rushed over to the window. It was Mike, the Italian laborer, and he was running for the storeroom yelling frantically:

"The pickets are in."

We ran downstairs and woke up the fellows who were sleeping and grabbed our clubs and ran outside. Men were pouring out of the service house and the storeroom. Great big strapping negroes, half dressed and carrying axe handles and knives. Short squat Italians and Roumanians with handfuls of bolts and nuts and brandishing iron pipes.

Somebody kept yelling, "Over by the battery, boys, and give them hell."

The gang from the furnace passed, covered with red ore dust and carry-

ing iron rods. Then the throaty benzol plant whistle and the wild cat on the furnace let go, adding a weird din to the indescribable confusion.

A car roared up and seven company policemen piled out and started on the run around the gas holder. Some 30 men came running up along the ore pile and we recognized them as eight inch men. And we followed them over toward the battery.

Once on the other side you could see what had happened at a glance. The pickets had crossed the railroad tracks and had taken up a position along the fence about 60 yards away from the battery. As you studied them you could see that they were just as worried as we were and had no intention of coming in on company property.

When the men inside grasped the situation, the tension was relieved and faces curiously strained and twisted relaxed. Some began to drift back to their work, others stayed to joke and look over the new picket line.

There was one, though, who kept going from group to group, pointing at his club and exclaiming:

"Why don't they give us some guns? A lot of good a club will do you."

It was a good thing nobody had had any during those first five minutes.

"The Art of Propaganda"

IT WAS one of those rainy Monday afternoons. A cold, chilling wind was whipping the choking yellow smoke off the battery down around the buildings. Even with the windows closed you could still smell the stuff.

Pete, Paul, Jerry and Barney were stretched out on their cots.

Barney had the copy of the evening paper and seemed to be looking for something.

"Here it is, guys. Listen to this line they handed out to the pickets at the lake yesterday."

Nobody paid any attention.

"It says here: 'There are too many soldiers among them to produce steel.'"

Barney looked around triumphantly and then pointed out of the window at a gang of laborers standing under the eaves of the service house.

"Just look at them soldiers. Them uniforms. Them guns and bayonets. Lucky stiff. They loaf; we work."

The gang began to show some signs of interest. Barney noticed it.

"And here it says: 'Of the number the management claims are in the plant 50 per cent are imported gunmen!'"

Paul sat up on his cot.

"So we're gunmen, now. Well, if there are a mob of soldiers in here and half the whole gang are gunmen who is keeping a blast furnace, a coke plant, seven open hearths, three electrics and five mills going day and night? The girls in the restaurant, I suppose."

Barney saw that he had the boys going.

"Well, if you think that is something, listen to this: 'It behooves you to influence your authorities to investigate the health and sanitation conditions in the plant and see whether disease and pestilence menace the health of the city.'"

Jerry hardly waited for him to finish.

"A lot they care about the health of the city. Wouldn't they just love a good epidemic of scarlet fever to drive us out of here! Imagine those guys worried about our health..."

There was no stopping Barney now. He folded the paper.

"Just happened to think of it, fellows, my wife told me over the phone yesterday that the word is being passed around town that we are starving in here."

Pete kept staring at the ceiling while he recalled:

"Let's see now. What did I have for dinner again? Steak, potatoes, beans... tomato soup... salad... pie and ice cream."

Jerry broke in petulantly.

"I wish some of those speakers out

the priest's voice. Yesterday it had been a carpenter shop. With the sun vainly trying to pierce the windows grimed with the smoke of years. With the benches piled high with lumber, tools and power lathes and saws. With floor littered with sawdust, dirt and discarded blocks. With noise and dust and the smell of green wood.

But this morning the sun shone again through the windows. The floor had been scrubbed and swept. The benches had been cleared and the lumber was neatly piled in one corner. The machinery was silent.

This morning the carpenter shop became a place of worship, a church, the House of God.

... The priest bowed low. There were three bell-like notes... and the crowd knelt.

Newly made benches smelling of pine had been placed down the center. They were hardly enough for the crowd that jammed the interior.

They had come with faces scrubbed, hair combed, in the best clothes they could find. Greeks, Spaniards, Roumanians, Portuguese, Negroes, Germans, Irishmen, telling their beads, watch-



Three foreign women were standing at the gate, arguing, gesticulating, plainly out of mind. They had been told their homes would be blown up

at the lake had to help us unload those 7,000 dozens of eggs this morning..."

Barney was giving a lesson in the art of propaganda.

"I Will Go to the House of My God..."

... ONLY ONE sound was audible in the carpenter shop. The low hum of

ing the priest or just wondering how complex, how unreasonable, how unpredictable this business of living had become.

For some men it was the first time in many years. Working on a seven-day production schedule, they soon lose their sense of Sunday as a day apart, as a day of worship. After a hard night

(Continued on page 74)

A Town That Wouldn't Admit Defeat

By FRANCIS McQUILLIN



In the deepest pit of the depression lack of funds for operation hung a padlock on the doors of the Y.M.C.A.

"**W**HAT would you do if you were a business man in a community where industrial inactivity has caused 90 per cent of the population to be unemployed for three years; where 40 per cent of the available business sites are vacant; where a Federal Emergency Relief Administration representative classed us as being the second hardest hit town in the United States?"

Such was the opening paragraph of a letter signed by the Scottdale, Pa., Board of Trade and sent to President Roosevelt April 20, 1934.

When a Board of Trade reaches the point where it publicly acknowledges that its community is economically next to the worst in the country, its plight must be desperate. In April, 1934, Scottdale's plight was desperate.

Founded in 1873 as a rural outpost on the newly constructed southwest branch of the Pennsylvania Railroad,

Lines of people depositing pay checks have replaced bread lines

whose president, Col. Thomas A. Scott, it was named for, the Borough of Scottdale soon became an active shipping point for a rich agricultural section. With the development of the surrounding bituminous coal fields and the growing beehive coke industry centered at Connellsville a few miles away, Scottdale quickly became a thriving industrial center.

Scottdale's earliest industry was the McKinney Blast Furnace which turned ore from a nearby mine into pig iron, using coke from the local ovens. In 1877, Scottdale citizens organized a

steel sheet mill which was later destined to become an important unit in the American Sheet & Tin Plate Company. In 1882, Henry Clay Frick founded the H. C. Frick Coal & Coke Company which became a subsidiary of the U. S. Steel with headquarters at Scottdale. The Foundry & Supply Company was established in 1884. Two years later local interests organized the U. S. Pipe & Foundry Company. Although the population was never more than 10,000, Scottdale became a miniature boom town.

During the prosperous war years and



A pretty Calvin plant worker owes her job testing lamp bowls to Scottdale persistence



SAVE TIME IN THE OFFICE

by locating the handicaps that slow up the work



"WAYS TO SAVE TIME IN AN OFFICE"

names definite jobs on which both time and money might be saved by a practical analysis. For example:

Have you ever studied, at one time, all the forms in use in your office?

How many reports are produced but never used?

Have you studied the causes of peak periods in your office?

Are you using a direct or an indirect method of handling accounting or obtaining statistics?

Can related records that are now being handled separately be prepared in one operation?

Are your operators obliged to handle the same figures two or three times?

EXPENSIVE bottlenecks, annoying peak periods and unnecessary duplications of records are slowing up the work in many offices. These, as well as any other needless handicaps, can be revealed only by a simple, practical analysis of the work being done at each desk. To aid you in making such a survey in your own office, Burroughs offers "Ways to Save Time in an Office." It is a handy-size, 24-page booklet containing more than a score of definite and practical suggestions about how to save time and money in office work. You can get your free copy of this booklet by telephoning your local Burroughs office. Or, if you prefer, write on your own letterhead to—



BURROUGHS ADDING MACHINE COMPANY
6001 Second Boulevard, Detroit, Michigan

Burroughs

the lean years which followed, Scottsdale's industries continued to flourish and new ones sprang up. The original sheet mill was supplemented by a more modern and larger plant, and the two mills became important units in the American Sheet & Tin Plate Company. From its small beginnings, the pipe foundry developed into the world's largest manufacturer of cast iron pipe. A modern Y.M.C.A. building was constructed, many new churches were established, new streets were laid out and quickly lined with modern houses, schools were built, bank deposits swelled to \$9,000,000, and a country club was started. In 1928 a progressive group of business men formed the Scottdale Board of Trade. That same year, 43

high school graduates out of a class of 73 went on to college. Scottdale's future seemed assured.

Pay lines replaced by bread lines

THEN came the crash. The Scottdale sheet mill closed leaving 1,200 men jobless. Another 1,000 workers were left without a source of income when the pipe foundry closed. Managements of both companies had done all they could to keep these plants going. They had built up huge stock piles to make work, they had reduced prices, but orders had ceased to come in. After the plants closed, they transferred as many workers as possible to other plants.

Long lines of workers waiting for

pay envelopes soon gave place to bread lines. Banks closed, businesses failed among them some of Scottdale's pioneers. One of two movie houses was boarded up, the other played to a half empty house two nights a week. The bright lights of Pittsburgh Street, the Borough's principal thoroughfare, faded. In their place appeared an ever lengthening row of darkened store windows framing "FOR RENT" signs. A padlock hung from the doors of the Y.M.C.A. In June, Scottdale High graduated 106, but only 12 could afford to go on to college. Eight out of every ten Scottdale citizens were on relief.

Members of Scottdale's Board of Trade spent many hours in conference with officials of closed plants in efforts to get these plants reopened. Representatives called on congressmen, wrote to General Hugh Johnson who then headed N.R.A.

The pipe company's executives were sympathetic but powerless to help. They had another plant in the South which could produce at lower cost than



A few years ago autos jounced along streets which there was no money to repair. Today streets are smooth, cars are late models



After years of vacancy, this old factory building hums with activity as Scottdale business men succeed in their quest for new tenants



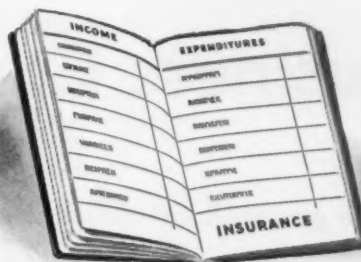
Getting the Duraloy plant was the first step in Scottdale's comeback

the northern plant. A change in freight rates also favored the southern foundry. Anyway, there was little market for cast iron pipe. From the Steel Corporation officials the Board heard a similar story:

We would like to help Scottdale, but there is only enough business to operate two or three of the corporation's smaller mills. Scottdale's sheet mill is large and unfitted to supply hand to mouth buyers. If national prosperity were restored, then the plant would be reopened.

As the depression dragged on, con-
(Continued on page 82)

How many of these questions about life insurance can you answer?



1. How much of my income should go into life insurance?



2. What form of settlement will be best for my family? Monthly check? Lump sum? A combination of both?



3. Should I reserve the right to change the beneficiary at any time? With my wife as beneficiary, should I name my child, or children, "contingent" beneficiary?



4. What is the best way to arrange my insurance program to assure the education of my children?



5. Can I make provision under an ordinary life policy so that my wife and I may receive a life income in later years?

THESE are some of the things people frequently want to know—and should know—about life insurance.

► Is it difficult to get the answers to questions like these? Not at all—you need only ask your life insurance agent.

You will find that he considers it his business in life to be of service to you. You will discover, too, that his experience with problems similar to yours has given him the necessary background to help and advise you.

You would understand why this is so if you could "sit in" on a few of the many extensive training courses which Metropolitan, for example, maintains both at the Home Office and in the field, in order to help its representatives to serve policyholders better.

► Last year, for instance, with 122 instructors continuously engaged in carry-

ing on Metropolitan's educational program, 1,146 agents received intensive instruction in the company's schools... 3,113 representatives enrolled in the company's correspondence courses... and almost 1,000 were enrolled in the course which, when completed, brings the coveted designation "Chartered Life Underwriter." In addition, Metropolitan constantly issues instructive material for the benefit of its agents.

► So if you own a Metropolitan life insurance policy, and desire any information whatsoever about your insurance—see your agent. If he doesn't know the answer, he knows who does. He has merely to consult one of the Metropolitan specialists who stand ready, at all times, to help him serve policyholders to the utmost.

► If you prefer, don't hesitate to consult the company's nearest district office, or write directly to the Home Office. The

company welcomes such inquiries from its policyholders. And, naturally, there is no charge for the information you receive.

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This is Number 19 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



No Business Can Escape Change

While government talks of war business, business itself seeks peaceful markets

1 • A NEW machine screw has a thread-cutting slot with serrated cutting edge so that when driven into a drilled hole it taps its own threads. It may later be replaced, if necessary, with an ordinary machine screw.

2 • AN ELECTRIC furnace for air-hardening steels at temperatures as high as 2000 degrees Fahrenheit uses an atmosphere of hydrogen and nitrogen to protect the metal. Steel with a mirror finish is said to go through the furnace without damage to the surface.

3 • STEEL for making dies can be air-hardened without appreciable distortion and is hard enough to scratch glass. It is said to offer considerable economies in die-making.

4 • GRINDING wheels are now made with a special resilient mounting which is said to give increased wheel life, increased operator efficiency with less fatigue and a minimum of vibration.

5 • A SEALING and caulking compound that's permanently plastic, waterproof, unaffected by vibration, vermin, or severe weather can be used for general building construction, for sealing conduits, tile-setting, glazing, and other uses.

6 • A NEW black plating process is said to give a lustrous, deep black electrodeposit superior in color to previous blacks. The deposit contains molybdenum, nickel, and oxygen; is deposited rapidly over a number of different base metals.

7 • PORCELAIN enameled roofing sheets have been developed where extreme resistance to weather, acid, and corrosive fumes is required. A special locking system eliminates exposed bolt holes.

8 • FOR SEALING dams, ponds, ditches which have excessive leakage or seepage a rare clay has been specially treated so that when spread over the surface it eliminates most of the seepage.

9 • A NEW suspender, of French design but American make, weighs only two ounces, is completely elastic including the fastening on the cross. The webbing is two pieces joined to permit contrasting colors or weaves.

10 • FOR TAKING flash photographs where the light is insufficient for focusing, there is a focusing spotlight working with the flash gun apparatus and using the same batteries. It also serves as a test lamp, showing when the batteries need replacing.

11 • BUNDLES and boxes are quickly tied with wire by a new semi-automatic tying device. After the wire is draped around the bundle or carton, the automatic mechanism tensions, ties and cuts the wire and rethreads for the next tie. Different sizes are handled on the same adjustments.

12 • A FAST, versatile lettering set just announced makes it possible with a single guide to produce eight different types of lettering by changing the setting of the tracer and pen arm. Each guide has upper and lower case letters, numerals and characters, all of which are complete and in order.

13 • A LIGHT meter has been specially developed to measure ultraviolet light in the region where it is most germicidal. The meter is intended to check efficiency of sterilizing lights in food handling places.

14 • HOOKS for shower curtains are now made of a plastic which will not rust or break. They are available in a full range of colors, are easily slipped on rod and curtain, will not come off by accident.

15 • AN ELECTRIC lantern is now made with a spare bulb which is thrown into the circuit and into a focused position with a simple movement of a switch.

16 • A NEW clamp for wire rope makes possible a quick loop or sling without splicing and serving and without loose wire ends. It has two taper threaded sections which squeeze the rope when the taper nuts are tightened.

17 • SPIRAL bindings for catalogs and similar booklets that have the color of plastics and the strength of steel wire are available in a new binding made of wire and covered with plastic. A range of colors will be available.

18 • A DRAWING table that's portable and folding has just been announced. It folds like a campstool to three inches thick. It easily locks at the desired position, sets firmly, has a pencil and instrument rack, adequate knee room.

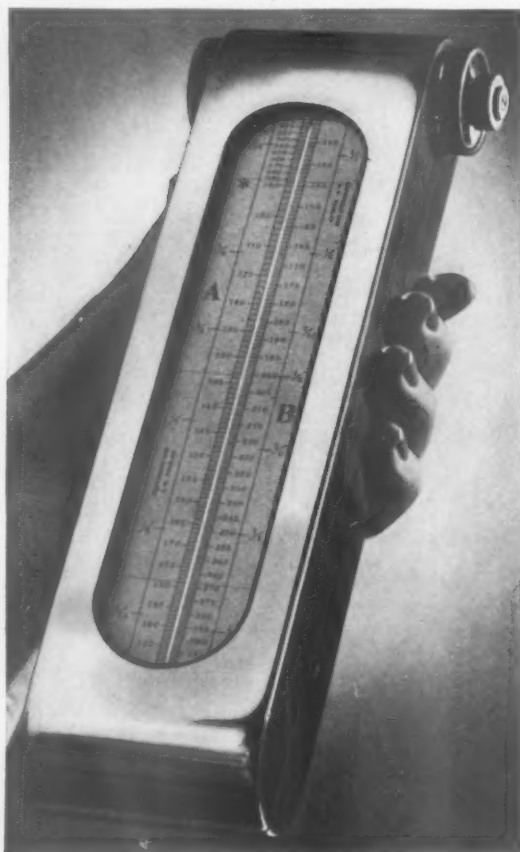
19 • A COMBINATION range has two ovens, one of which with top burners is electric and the other is heated by coal or wood. It's intended for rural or suburban sections, using the electric section in summer, the other to help heat in cold weather. Both sections can be used at once.

20 • A NEW calculating machine does its multiplication and division and prints on a tape the various steps involved including, in division, the remainder as well as the quotient.

21 • A SMALL woodworking machine is adaptable for rip or cross-

cut sawing, beveling, dadoing, tenoning, and shaping. It's electric, can be mounted on a floor stand or, for portability, on a light trailer.

—WILLARD L. HAMMER



22 • A SIMPLE computing device does all forms of multiplying and dividing in rapid time with an accuracy to four significant figures. It has two scales (equivalent to four-place A and B slide rule scales) on endless tapes so that they can be turned separately or as a unit.

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



"STANDARD OF INDIANA":

**2000 PETROLEUM PRODUCTS;
4000 BULK DISTRIBUTING STATIONS;
605 COMPTOMETERS**

WORLD'S LARGEST complete petroleum refinery at Whiting, Indiana. Here "Standard of Indiana" had its beginning.



The "Standard Service" man is a familiar figure to motorists in 13 Mid-western states. This year, Standard Oil Company of Indiana celebrates its 50th Anniversary . . . and for 38 of those 50 years its figures on production, manufacturing and sales have been checked and compiled on Comptometers.

Records in Standard's files show that the first Comptometer was purchased in 1901, when the principal Standard product was kerosene, source of light and heat in thousands of Midwestern homes. Today, 605 Comptometers are used by "Standard of Indiana" in the business of producing and selling 2000 petroleum products.

"Comptometer economy" is applied to checking sales and deliveries, compilation of reports and statistical data, compilation of costs and production reports of 4000 bulk distributing stations, checking invoices and other phases of figure-work.

"Standard of Indiana" officials express complete approval of the efficiency, accuracy and economy of Comptometer methods.



"Compelled operating accuracy" is a boon to these Comptometer operators in Standard's Chicago general office. The Controlled-Key and other exclusive accuracy safeguards enable them to achieve a remarkably high degree of first-time accuracy and keep figure-work costs low.

COMPTOMETER

REG. U. S. PAT. OFF.

Certainly your business is "different"! But Comptometer methods are adaptable to almost every figure-work problem. For a demonstration (on your own work), telephone your local Comptometer office. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Ill.

My Son Has a New Job

By LOGAN A. SCOTT

THE BUSINESS man who wrote this letter did not expect it to be published but the pointers given seemed so worth while we asked his permission to print it

Dear Son:

GOOD for you! It is probably the most important step-up in a young man's career when he arrives at the point of giving orders instead of always taking them. To be an executive—even a junior executive—at 24 is an achievement at any time; doubly so when the land is full of lads with courage and energy and education, eating out their hearts in the stultifying inactivities of made work.

Even so, don't be too pleased with yourself. Your new-sized pay check seems big right now—but pay checks have a disconcerting way of seeming to shrink once they become the customary thing. That little black book in which you and Mary have been setting down every penny spent in the past year has a lot of blank pages left in it. A manufacturer doesn't stop keeping accounts when he gets big.

But it is business I want to write to you about—not your personal affairs. College gave you English and history and economics and philosophy. It did not teach you how to meet people, how to appraise their ideas, how to give orders, how to get along with employees, how to make money for your company. Those are things that most men have to learn the hard way, but some time ago I made up my mind that at the proper moment I would pass on to you some observations out of a long experience. Mostly they are concerned with personal relations and public relations, which are becoming increasingly important in business. Perhaps you won't use them my way—no two men ever operate exactly the same—but they may help you to hurdle some of the problems you are certain to meet.

You are in the big time now—the



You can be discriminating without holding aloof. A reputation for being stuck-up is hard to live down

big league of business. Underneath, it is essentially the same as little business, because both are trying to produce income sufficiently bigger than outgo to show a profit. But on the surface you will find a lot more routine and red tape than you were used to in the easy simplicity of your old company. Don't let that get you down; after a while you will understand the reasons for these greater complexities. And don't, at least in your first months, try to reform the system. Don't be a harker-backer. Almost nothing else burns up an employer so fast as a newcomer's reiterated "We always did it this way where I was before."

A new job to learn

WHAT of it? If you opened an office in Paris would you expect to make all the Frenchmen speak English?

And anyway, "we" now refers to your new company; not to the old one.

Don't be afraid to ask questions! I have known fellows to go around in a fog for weeks because they had the silly notion that they would appear dumb if they asked where, why, when, who, how. A motorist, lost in a strange city, can ask his way out in a matter of minutes, when it would take an hour of fumbling. Ask and you shall find out quickly.

And make it a point, even now, to

get hold of the man you want to talk to at his own desk. Sit down with him there, give him a smoke, put your feet up, relax, invite him to relax, be friendly. He will open up in a way that will surprise you, with an informal expression of ideas that he could never shake loose in the presence of the boss' mahogany desk and his secretary. Some of those uncovered ideas will make money for the company.

The chief's office is always pretty formal. It has to be. Primarily it is furnished for the reception of customers; therefore it must be impressive; a shabby, sloppy, disorderly executive office bespeaks a disorganized business and a scatter-brained head, in whom neither buyers nor sellers can have much confidence. But formality is a deterrent to free speech on the part of employees; they are likely to be too much awed to unbutton their minds.

Another thing, when you eventually run into the unpleasant task of firing a man, take the bad news to him in his own office. It's tough for him anyway; let him take it sitting down. Few sights in business are more harrowing than the bent shoulders and stiff-legged steps of a man who has just been discharged.

Of course the door of your office should always be open. Visitors will naturally be announced before they

THE OUTSTANDING TRUCK FOR THE MONEY

FORD V-8 FOR 1940

FORD FEATURES FOR 1940

New styling • Increased engine accessibility
Increased chassis accessibility • Choice of
power—95, 85, 60 hp • 42 body and chassis
types • New Sealed-Beam Headlamps • Big-
ger batteries, larger generators with auto-
matic voltage regulation • Big hydraulic
brakes • Full-floating rear axle with straddle-
mounted pinion and ring gear thrust plate
Two-speed axle (optional at extra cost)
Ford Engine and Parts Exchange Plan.

The big new 1940 Ford Truck line gives you value in construction, performance and economy that means "the outstanding truck for the money."

Three eight-cylinder engine sizes—95, 85 and 60 hp. Six wheelbases. 42 body and chassis types.

There's new styling. New engine and chassis accessibility, making it easier to check the oil, service the distributor and other engine accessories, as well as clutch, transmission and rear axle. New, softer, more comfortable seats in Regular cabs. These and many more improvements join a host of time-tested, time-proved Ford features in 1940.

See the new Ford Truck at your dealer's. Compare it with any other truck. Arrange for an "on-the-job" test and know the difference before you spend another truck dollar.

Ford Motor Company, Builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons, Transit Buses



come in, but members of your staff will like you better—which means that they will do better work for you—if they can poke their heads in your door to ask an immediate question instead of being required to make a formal appointment through your secretary.

Too far from his work

I AM thinking of a man who was recently appointed to head an important organization. He inherited a staff of fine, upstanding, hard-hitting men, any one of whom could have filled the top job. But he keeps his door tightly closed. He never goes out on the floor among the men. Even his first assistant must have a stated appointment to see him, and half the time the settee outside his office is filled with impatient staff members waiting like so

anticipating your requirements; she cannot do it if she is in the next office.

She should be your guardian, your letter writer, your appointment maker, your transportation agent, even in some things your confidante. Outside the office she may be the friend of your wife. Inside the office, especially in an organization as large as yours, she must never under any circumstances be known by any name more familiar than "Miss Jones." Nor must she be permitted to speak of you merely as "Scott." You are "Mister Scott" to her and to every other woman on the staff.

Perhaps I am old-fashioned in that. A free and easy attitude has recently grown up in offices, but I still contend that undue familiarity breeds contempt and destroys morale. Mixed first names have no place in business.

And while I am on that subject, let

either. Unfortunately, tolerance cannot be taught; it is an attribute that each man must cultivate and learn for himself. But remember that Simon Legree's methods of keeping men moving passed out of good usage a long time ago; they never were very effective.

You can insist upon accuracy without being a fussbudget, but your insistence will fall on stony ground if you are not accurate yourself. I was not much older than you when I learned that the stenographers in my office gave me the name of being a hellion to work for because I remembered every word that I dictated and refused to accept their transcription substitutes. Probably they were exaggerating, but I did get better work from them than the other men in the shop. If you don't start being a good-enougher you will get accuracy—and the motto that Joseph Pulitzer hung up in the old New York *World* office is a good one for all business. It was "Accuracy, Terseness, Accuracy."

Do things on time

DON'T be a putter-offer, either. The letters that you received today can be answered today just as easily as tomorrow or next week. It is good public relations to answer them immediately, besides being good routine in keeping your desk clear. I used to know an old newspaper editor whose "system" was never to answer any letters.

"I go through the pile about once a month," he said, "and throw most of them away because by that time they don't seem important. I keep those that hurt my conscience for another month, and then I throw those away, too. Nothing is important after two months."

But his circulation, which was important, went the way of the letters.

Answer your letters, and answer your telephone. Answer it yourself. That's good public relations, too. There is a certain big shot of business, in Chicago, who can always be reached by any one if he is called on the telephone. He cannot, in the limited length of a business day, see many people, but he keeps in intimate touch with all sorts and conditions of men by giving them 30 seconds, maybe a minute, of phone time. He has made a great many good friends for a far-flung business enterprise by that easy gesture.

Of course telephone use is often dreadfully abused. My lawyer, for instance, has a damnable habit of letting casual telephone conversations—about last night's bridge or tomorrow's golf or the health of Uncle John—intrude upon important business

(Continued on page 64)



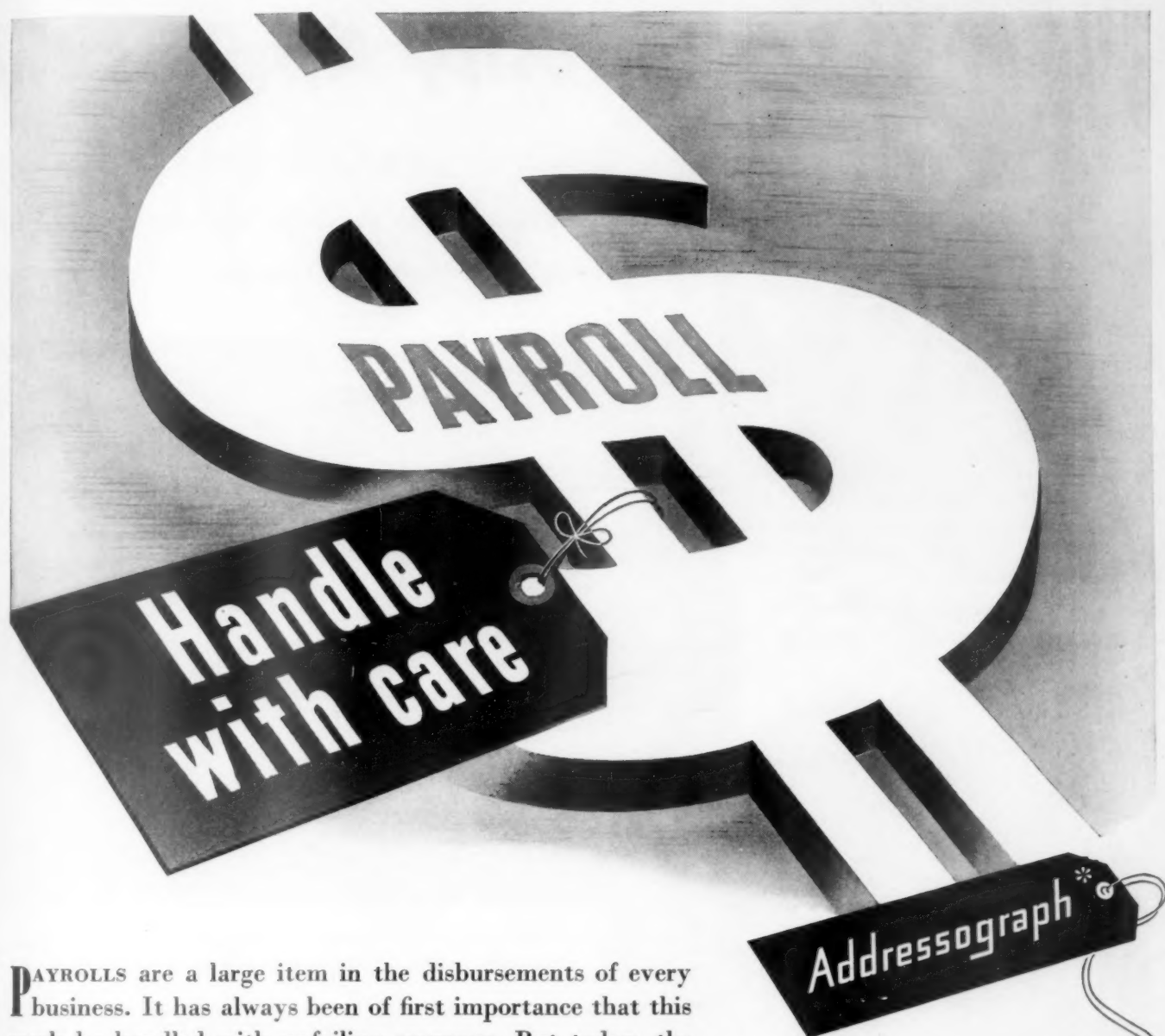
The door of your office should always be open so members of your staff can ask questions

many messengers. He is like a spider in a web, and already his days are numbered because he commands no loyalty from his men. Don't you be a spider.

It is a matter of opinion, but I have always preferred, for reasons of efficiency, to have my secretary right in my office. Easy enough to shoo her out if you have ultra-confidential matters to discuss, though if she is as trustworthy as she should be you need keep few secrets from her. A trained secretary will save time by

me warn you against trying to be everybody's buddy. Be friendly with your associates, of course, but take time to find out who's who before you count any of them as lifelong friends. That doesn't mean that you should hold aloof—a reputation of being stuck-up is hard to live down—but you can be nicely discriminating.

One of your jobs, you say, is to coordinate the work of all departments in the business. That calls for diplomacy and tolerance, and you, like most youngsters, have little of



PAYROLLS are a large item in the disbursements of every business. It has always been of first importance that this work be handled with unfailing accuracy. But today, the demands on payroll procedure go much farther.

Social Security requirements which have already increased and complicated payroll paper work, will be even more detailed after January 1, 1940.

To those executives who are looking for new *speed* to offset this increased work—new *simplicity* to eliminate involved procedure—unfailing *accuracy* to avoid loss of time and money—ADDRESSOGRAPH offers the *proved* answer.

There is an ADDRESSOGRAPH man near you who will be glad to explain how easily and economically ADDRESSOGRAPH METHODS can be applied to your payroll procedure. ADDRESSOGRAPH SALES AGENCY is listed in principal city telephone books. If you prefer, write . . .

**handles the important jobs
with speed, accuracy, economy**

Advertising • Collecting • Customer Lists • Employee Records • Installment Accounts • Inventory • Manufacturing • Membership • Orders • Payroll • Prospect Lists • Publication Lists • Sales Promotion • Shipping • Social Security • Social Service • Stockholders • Assessment Records • Motor Vehicle Registration • Public Service Bills • Relief • Tax Collection • Voters Lists

*ADDRESSOGRAPH is a trade-mark registered in U. S. Patent Office

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO • SALES AGENCIES IN PRINCIPAL CITIES

Industry Applies the

By C. D. FRAZER

INDUSTRY TODAY is beating a path to its customers. It has discovered the traveling exhibit. And across the sprawling reaches of America roll hundreds of showrooms-on-wheels, poking into cities, towns, villages, and hamlets in search of new business.

Manufacturers who have already taken the road come back with wonderful tales. General Motors' "Parade of Progress" show, for instance, has played to more than 4,000,000 visitors in the first two years of an international tour.

Here, obviously, is a public relations



GLADYS MÜLLER
COURTESY FRANKLIN INSTITUTE

Boiling water on a cake of ice has "magic" appeal to audience

and advertising tool of prime importance.

No long lectures. No dry description of how things are done in the factory. This is the theatrical game. Mystery. Thrills. Drama. "Believe it or not" and "Strange as it seems." It's what the public wants.

The Franklin Institute, of Philadelphia, founded in 1824 for the promotion of science and mechanical arts, has sponsored several of the most successful traveling exhibits. One is a story of research chemistry entitled "From Black Magic to Cold Light." Another is an aviation exhibit



GENERAL MOTORS

Visitor's attention is won by his effort to discover how many millionths of an inch he can bend a steel rail

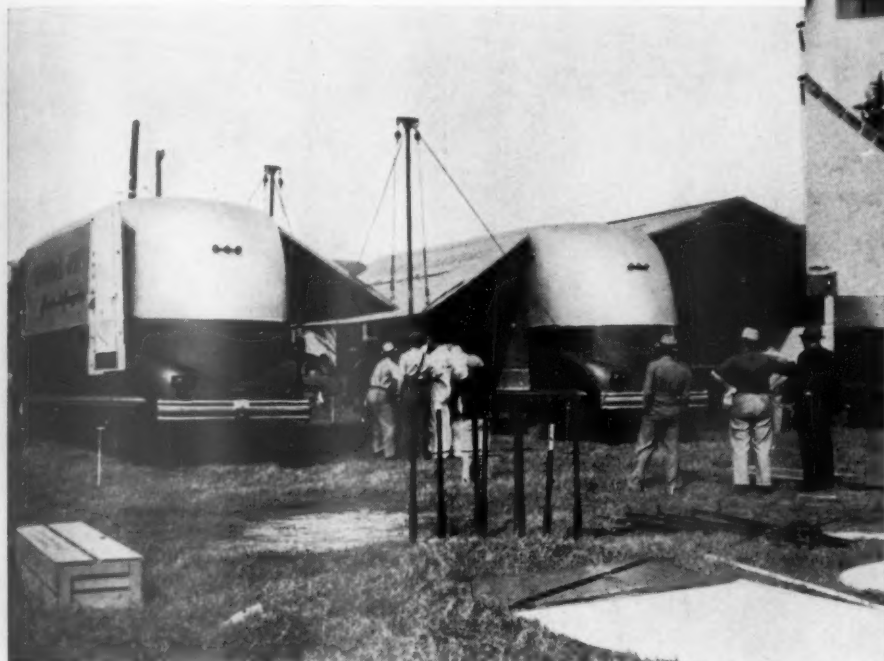


GENERAL MOTORS

Every hour a new and appreciative audience crowds into the Main Tent to see an industrial show with circus appeal

e Circus Technique

BUSINESS, pursuing trails blazed by Barnum and Bailey, rolls into hundreds of cities and villages to display its wares and make new friends



Two trucks parked side-by-side, side panels taken down and with floors between them, furnish ample room for exhibits



An employee shows workshop enthusiasts and amateur craftsmen how they can turn bracelets on a lathe of cast resinoid



Here comes the General Motors Parade on its way to exhibit grounds in California

called "From Magic Carpet to Rocket Ships."

Those names alone spell audience magic. And the demonstrations are equally shrewd. They are simple and graphic.

In the chemistry show people see a kettle boiling on a cake of ice, see dust explode, see metal burning, see fire started with a liquid.

In the General Motors "Parade of Progress" visitors are taken through an exhibit based on a different approach. This particular display sharply contrasts the old and the new: the kitchen of a century ago, alongside the kitchen of today; the room where grandma spooned, compared with the living room of an up-to-date home. Old things bring fond and amused smiles. In so doing, they emphasize the desirability of modern conveniences.

This "Parade" reveals many ingenious ways of handling a show. For small demonstrations, single motor trucks are used. Where there are fixed displays for people to inspect—with larger space demanded—two trucks are parked side-by-side, their side panels taken down, and a connecting floor put in place between them. Demountable staircases at the rear of the trucks lead the visitor up into a good-sized exhibit room.

The principal part of the General Motors show is performed from a stage. The stage itself is merely a giant truck with one side removed.

When a tent is framed around that opening and seats are installed, a comfortable theater is created.

When the "Parade" arrives in a sched-

(Continued on page 85)



"There's something queer about that house"

It seems so aloof, so remote from the life of the town, that people feel there's something *queer* about the whole place. Nothing they really know—but they've never been invited in. And so their dark conjectures spread, and eventually become accepted as fact.

Perhaps this won't bother the occupants. But it's the kind of thing that impairs public confidence in a *business*.

Most business executives realize this—and would not knowingly permit such screens of secrecy to arise between their companies and the public. Yet business leaders who have always regarded their company affairs as an open book are sometimes surprised to discover how little the public actually understands about their methods and motives.

It is the job of public-relations advertising to create confidence in a *company*

as well as in its products, to open the corporate doors, so to speak, and invite the public in.

And the companies that are investing in such advertising find that it pays a twofold dividend—not only in making friends but in making sales.

This does not mean that a public-relations program can take the place of consistent product advertising. But it can greatly increase the effectiveness of product advertising when it reaches enough of the right people.

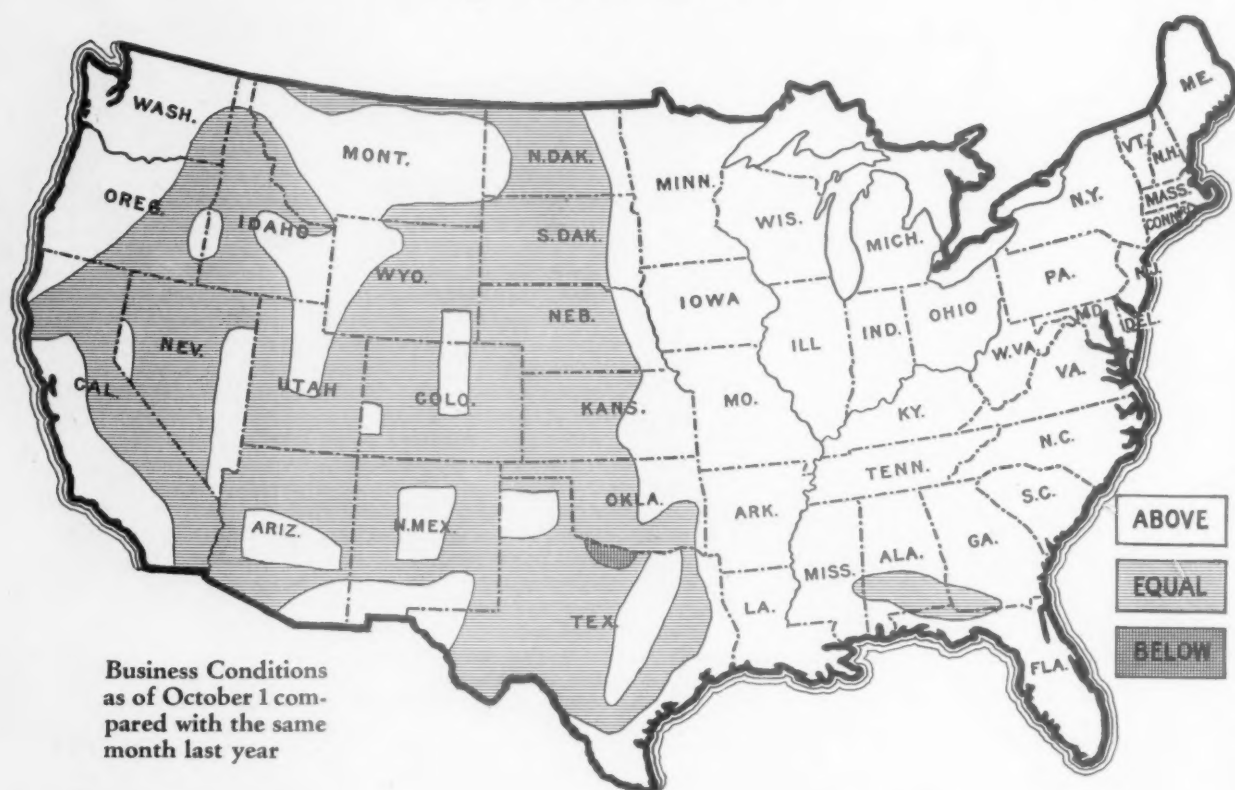
To reach "enough of the right people," leaders in major industries are investing more of their public-relations funds in Curtis magazines than in all others combined. It is the surest way they know of influencing the several million families who comprise the front line of substantial American opinion today.

The Curtis Publishing Company

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman

The Map of the Nation's Business

By FRANK GREENE



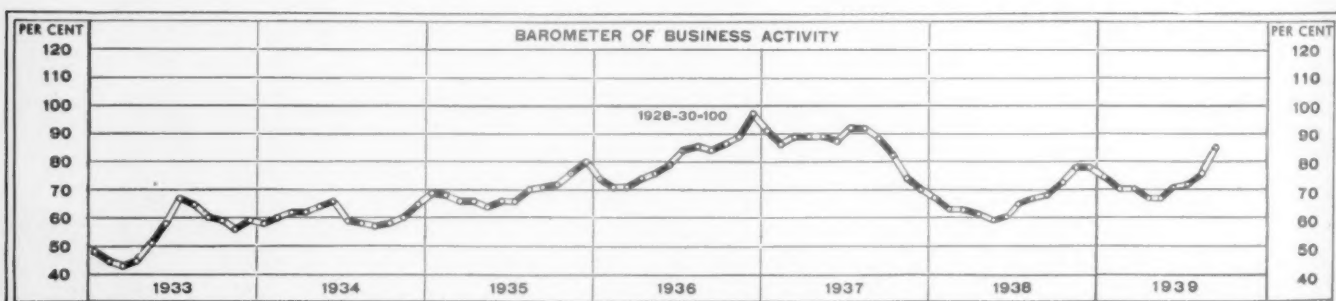
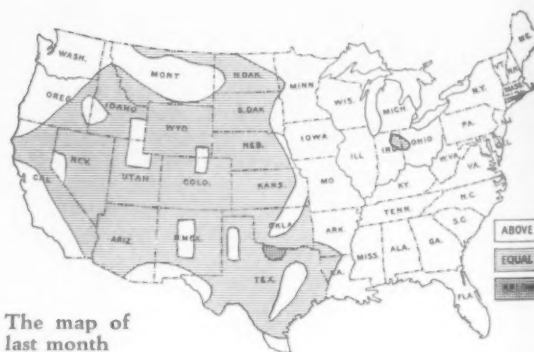
SEPTEMBER opened with war touching off a flood of domestic orders which carried industrial activity and employment close to the 1937 high level while securities markets experienced surprisingly sharp rises, with transactions the highest since 1932.

Steel mills, with output booked to January, refused further quotations, and record sales advanced copper prices sharply. Carloadings climbed 19 per cent above last September and threatened car shortages induced heavy equipment buying. Bituminous coal mines increased hours to meet demands.

Production of new model automobiles failed to keep pace with retail sales and capacity operation of machine tool plants found orders piling up. Electric power output again exceeded all records and textile production spurted on heavy buying.

Commodities staged spectacular war-inspired advances. Retail activity, however, lagged somewhat behind the broad upswing in wholesale lines.

Further lightening of the map reflected sharp expansion in mining, industrial operations and higher prices for agricultural products



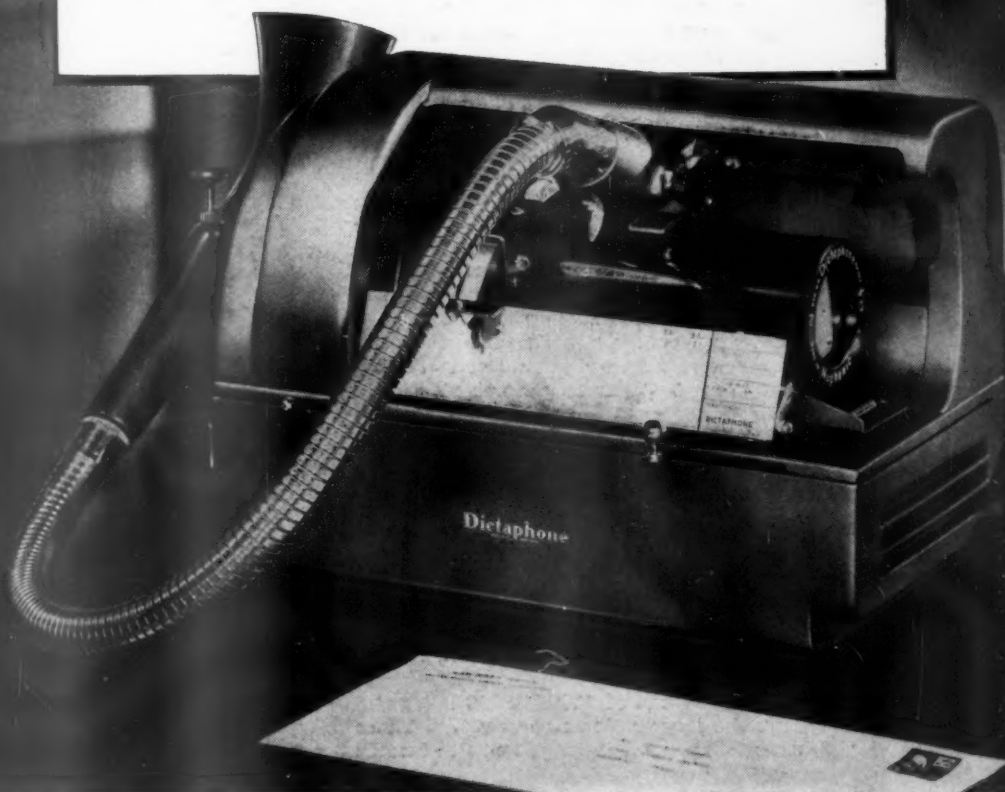
Advancing for the fourth consecutive month, the volume of business activity in September exceeded the peak of last November-December and marked the highest level reached since September 1937

Announcing THE NEW DICTAPHONE

Cameo



An ultra-modern dictating machine, so small, so light, so attractive that it suggests the perfection of a finely-carved cameo.



PROUDLY Dictaphone presents its new Cameo Model—which in contour and every graceful line explains the choice of its name.

Shorter, lower and lighter than previous Dictaphone models, the new Cameo bespeaks in its flowing symmetry the modern efficiency of its design—compels instant admiration.

With the new convenience of smaller size, the new machine has all the reliability for which Dictaphone has long been famous. The ultra-light pick-up portability of this modern dictating machine extends the *universal* usefulness of Dictaphone. You can take your office with you, wherever you go.

Try the new Dictaphone Cameo dictating machine—with no obligation. Just fill in the coupon below. Mail it *now*!

DICTAPHONE

NB-11

Dictaphone Corporation, 420 Lexington Ave., N. Y. C.

In Canada—Dictaphone Corporation, Ltd., 86 Richmond Street, West, Toronto

- ☐ Send me additional information about the new Dictaphone Cameo dictating machine.
- ☐ I should like to see and try the new Dictaphone Cameo without obligation.

Name

Company

Address

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

On the Marketing Horizon

Tactics and Strategy in the War on the Selling Front

F.T.C. Cracks Down

RECENT orders from the Federal Trade Commission forbid:

Labelling and advertising as "Old Virginia" brand meat products not obtained from Virginia hogs and cattle not processed in Virginia.

Advertising a well publicized alkali as effective in restoring alkaline reserves in the blood and as a proper treatment for colds, neuralgia and "common everyday ailments."

Use of the terms "Shrunk" and "Shrunk-proof" without the qualification that goods



so described are subject to a further degree of residual shrinkage or tolerance, if that is the case.

Representation of premiums given to purchasers of certain office supplies as "profit-sharing."

Statements by a manufacturer of a termite eradicator that all new lumber is infested with termites or that 98 per cent of buildings have termites in them.

Advertising claiming that the dandruff germ has been isolated, that dandruff is contagious and that it can be cured permanently by use of an antiseptic.

One of the most important F.T.C. cases since the passage of the Wheeler-Lea Act is its complaint against the *Good Housekeeping* Seal of Approval. The Commission says, in effect, that approval seals carry the implication that products so endorsed have been officially tested and guaranteed. The fact that the organization sponsoring the seals stands behind the guaranteed product is not considered enough. It is now proposed to hold such approval as against the public interest unless the products will satisfy Government tests and standards.

Good Housekeeping has announced it will fight the case. The magazine is expected to have the sympathetic moral support of many national advertisers and a number of other professional, scientific and trade association testing research agencies which also have seals of approval.

Killing the Revenue Goose

THE OFT-DISPUTED point of diminishing returns has been reached in the taxes

on cigarettes in New York City, which total nine cents a package—one cent by the city, two cents by the state, and six cents federal. Sales are reported off considerably. Some of the slump is attributed to importation from New Jersey and more to a diversion to roll-your-own tobacco, now being sold in increased volume. Two of the big companies have recently added to their line new brands of shredded tobacco used in tailor-made cigarettes. Taxes on shredded tobacco and cigarette papers are much less than from manufactured cigarettes.

More Cups of Coffee

THE COFFEE people have been doing some particularly aggressive promotion to hold their own against a variety of substitutes contesting for honors as the national beverage. About a year ago began a cooperative campaign sponsored by the Pan American Coffee Bureau and the Associated Coffee Industries of America. Already these organizations are claiming an increase in annual *per capita* consumption from 12½ to 15 pounds since this drive started.

Fifteen pounds a year per head is a lot of coffee. In terms of adult population only (three-fifths of the total) it would be 25 pounds. We are informed by a large restaurant chain that a pound of coffee will make 54 cups. That would mean an average of 1,350 cups a year for each adult, or roughly 3½ a day. Apparently Americans as a whole accept the slogan of the coffee campaign: "Where There's Life There's Coffee."

With a value of \$137,000,000 last year, it is the largest American import. There are said to be something like 1,000 brands



on the American market but most of the consumption is represented by a few popular favorites.

Tempest in the Food Pot

RUMORS of a great flood tide of demand from a Europe at war caused a sudden flurry in the food field. Speculators caught the war frenzy and transmitted it to

women, many of whom started storing sugar, canned goods and other foods. Farmers and cattle buyers withheld shipping the usual quota of cattle and hogs to the markets, causing livestock prices to rise sharply. Meats went up. The pork market rise was assisted by a stoppage of Polish ham shipments. Some 25,000,000 pounds had been imported this year up to the outbreak of war. Retail lard prices soared from as low as three pounds for 20 cents to 20 cents a pound. But wise



marketers warn that it's nearly all just the hysteria of war, that there is no food shortage now or any prospect of one.

Distribution Dissected

"DOES Distribution Cost Too Much?" is the title of a new book based on a study made by the Twentieth Century Fund. In brief, the answer of the Committee that made the study is "Yes." They find that 59 cents of the consumer's dollar goes for distribution and service; 41 cents for production.

It was revealed that the purchaser of an electric refrigerator pays as much to the retailer for selling the appliance as to the manufacturer for making it. Vegetables and fruits cost three or four times as much to market as to produce; eggs only one and a half times as much. The mark-up on meats is comparatively low, but it is high on rye whiskey—78 per cent of the retail price in an average case. These differences are accounted for by the special characteristics of distribution in the different fields.

The Committee's conclusions are not unfavorable to advertising. It points out that the average cost of cigarette advertising to the smoker is only a little more than half a cent a package. Neither are excessive profits the cause of high distribution costs. In fact, profits are so small that their complete elimination all down the line in the several steps of distribution would save for the consumer not more than three cents of every dollar he spends for finished goods.

And what can be done about distribution costs? Among the committee's recommendations are these:

A retail pricing system for merchandise that makes differentials with and without services such as credit, delivery, return privileges, etc.

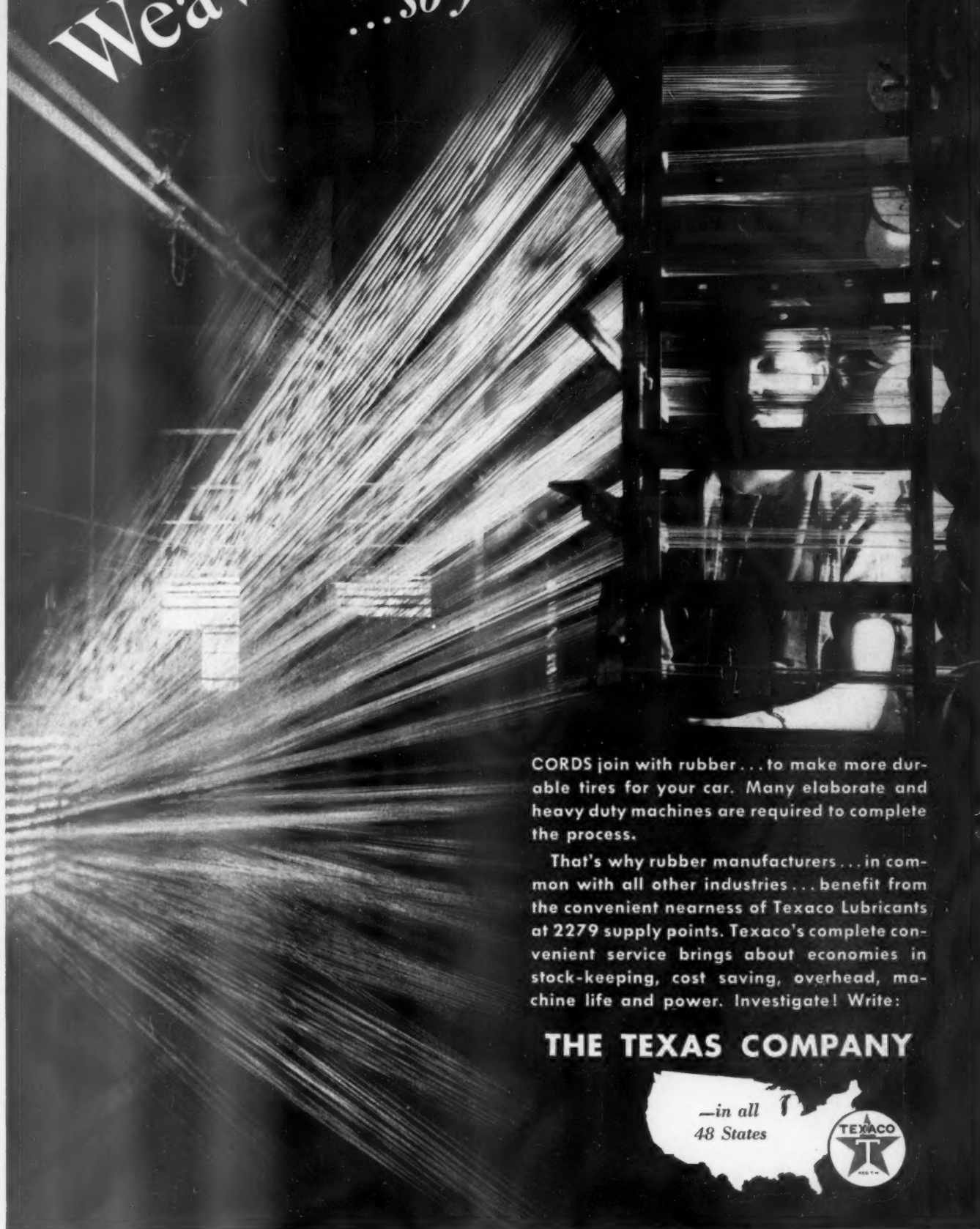
Repeat of all laws designed merely to preserve or destroy some special group in the distribution structure.

MONTGOMERY WARD'S 1,000-page Fall and Winter catalog has two fronts and no back. One colored cover opens into "Things to Wear." When the book is turned around and upside down another cover opens into "Things for Home, Shop and Farm." The idea serves the same purpose as two entrances to a store.

—FRED DEARMOND

Weaving a Web

...so you may ride on air!



CORDS join with rubber... to make more durable tires for your car. Many elaborate and heavy duty machines are required to complete the process.

That's why rubber manufacturers... in common with all other industries... benefit from the convenient nearness of Texaco Lubricants at 2279 supply points. Texaco's complete convenient service brings about economies in stock-keeping, cost saving, overhead, machine life and power. Investigate! Write:

THE TEXAS COMPANY

—in all
48 States



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Leaders in the March of Business



J. T. Tierney



Thomas B. Freeman (left) and Frank S. Cunningham



Charles McDonough

J. T. TIERNEY joined the Laclede Gas Light Company in St. Louis as a cadet engineer in 1908. Today he is chairman and president of Koppers United Company of Pittsburgh, a vast industrial system of coal, coke and gas production, transportation units, steel foundries and wood preserving factories with plants scattered from Laramie, Wyo., to Portland, Me. Mr. Tierney joined the organization in 1916 as superintendent of a coke company, became president in 1933 and recently assumed additional duty as chairman of executive committee.

Thomas B. Freeman will become president of Butler Brothers of Chicago on November 20, succeeding Frank S. Cunningham, who has been head of the organization for 21 years and will continue in service as chairman. Mr. Freeman has been the guiding hand in development of Ben Franklin and Federated Stores, two voluntary, independently owned retail groups of 4,000 members, who work with Butler Brothers through reciprocal agreements.

Charles McDonough, advertising manager of the Combustion Engineering Company, is the new head of the National Industrial Advertisers Association. He has previously served the association as chief of its employment service and has been the key figure in their extensive study of the public relations problems of industry.

Byron T. Shutz, 40, is the second youngest man ever to be elected president of the Mortgage Bankers Association. He is executive vice president of Herbert V. Jones & Company of Kansas City and on the tax committee of the National Association of Real Estate Boards.

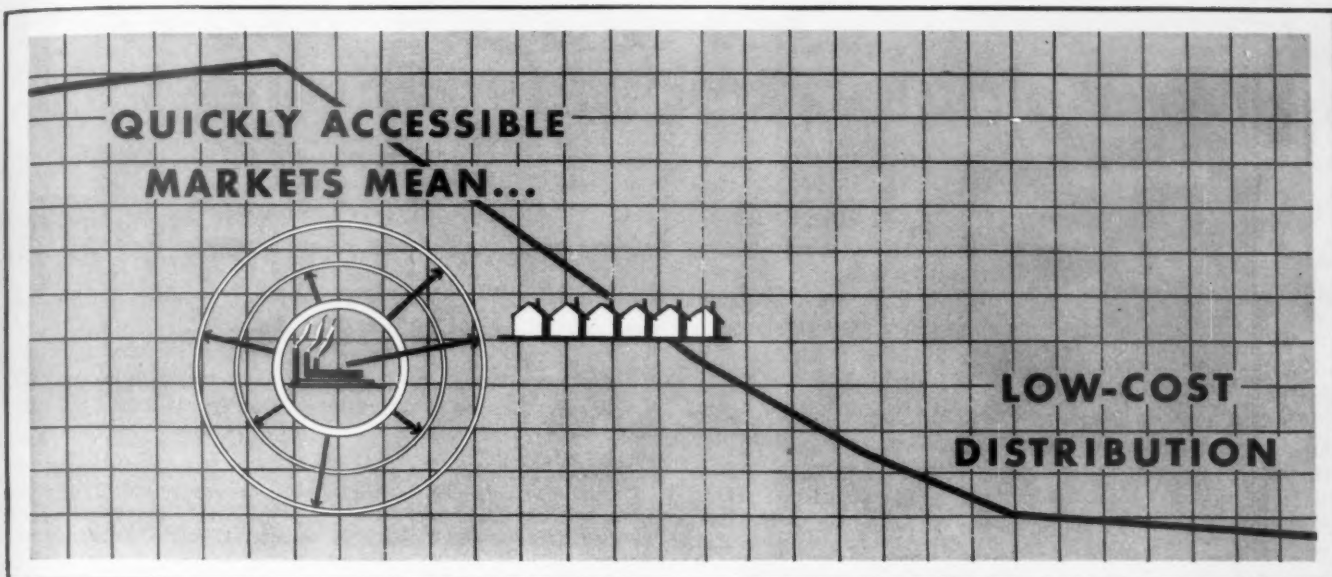
Still serving at his desk almost daily, F. A. Seiberling celebrated his eightieth birthday October 6. He founded the Goodyear Company 41 years ago with \$3,500 of borrowed capital, stepped out of the company in 1921 and at the age of 62 founded the Seiberling Rubber Company.



Byron T. Shutz



F. A. Seiberling



...and MAJOR MARKETS are within first to third morning delivery range of Chesapeake and Ohio Territory

Whatever plant location you choose within Chesapeake and Ohio Territory, you will find it a low-cost distribution center. Running through the heart of Virginia, West Virginia, Kentucky, Ohio and Indiana, Chesapeake and Ohio Lines divide the population east of the Mississippi—an area containing most of the major markets and approximately 70% of the United States population.

Industries in Chesapeake and Ohio Territory have the country's principal consuming areas within first, second, or third morning delivery range. For instance, from Charleston, West Virginia—almost at the middle of Chesapeake and Ohio's main line—New York is only 50 hours away by fast schedule freight. Toledo, 21 hours, Boston, 72 hours. Chicago, 33 hours. The port of Newport News, 27 hours. Second or third morning delivery in Southern territory.

Add to the accessibility of distant markets such close-at-hand advantages as abundant raw materials and fuel, plentiful native-born labor, cheap power, cooperative legislation, available industrial sites...and you begin to see some of the dominant values of location in Chesapeake and Ohio Territory.

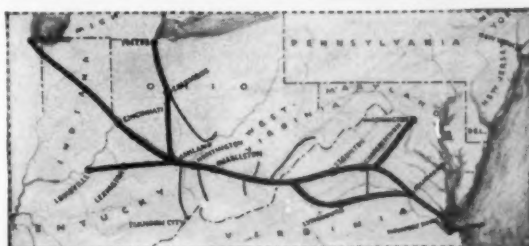
What do you seek in a more advantageous location? Complete and impartial factual surveys for your specific industry will be furnished on request. All inquiries will be held in strictest confidence. Write

GEORGE D. MOFFETT, *Industrial Commissioner*
CHESAPEAKE AND OHIO LINES
Huntington, West Virginia

THESE ADVANTAGES

are but the fundamentals of many favorable conditions making Chesapeake and Ohio Territory an economic field of operation for many industries.

- RAW MATERIALS—of many kinds; abundant, near at hand, economically secured.
- INTELLIGENT LABOR—native-born; largely skilled in a diversity of industries; well housed; peaceful and cooperative.
- NEAR TO MARKETS—major consuming areas within first, second or third morning delivery.
- EXCELLENT TRANSPORTATION—favorable freight rates and dependable service keep markets and manufacturers in economically close touch.
- CHEAP POWER—abundant coal, oil, natural gas and hydro-electric developments assure this region of unlimited power at most economical costs.
- COOPERATIVE LEGISLATION—Industry is king in Chesapeake and Ohio Territory, and the legislatures of the five great States in which it lies are friendly toward the needs and aims of enterprises they invite and those they already have.



CHESAPEAKE *and Ohio* LINES

Washington and Your Business

More Than War Involved Here

If we are forced into this war—or jump into it—what will happen here at home?

The conservative business element believes—or some of its members believe—that if we did go to war the Government's relations with business would be placed in the hands of business men. Bernard Baruch brought as much order out of a noisy chaos in 1917 as could be hoped for. Certain leaders in business believe they have been given assurance that, if we get into the European mess, the Government's business relations will again be placed in the hands of those who know how.

F.D.R. Picked Board Himself

THEY OFFER the War Industries Board as supporting evidence. This Board was picked by President Roosevelt from a list of 86 names submitted by Assistant Secretaries of War and Navy Johnson and Edison. Every man on the list was a ranking man in business. Mr. Roosevelt was pleased with it. There were labor men on the list but he did not take any. The Board did a masterly job in reducing to a working plan the information Army and Navy officers had been gathering for 15 years. If—if we go to war from six to 12 months' time will be saved in getting into industrial production, as compared with 1917-18. Every one who knew what was going on was delighted. Especially Mr. Roosevelt.

Pudding Proof in the Eating

IT WAS the original understanding that this Board was to be permanent. Then the President remarked at a press conference one day that the Board had done its work and would be dissolved when it filed its report. The immediate conclusion was that the radicals had won another victory. They had charged that the Board was made up of Morgan men. There were rumblings from Borah's dark oratorical cavern. But the business men in Washington were assured that the demission of the Board had been merely a strategic move. The embargo repeal was hanging more or less in the balance and the President did not want to add the weight of even a radical feather to the opposition.

If, as and when war comes, the business men will be called in, they were told. Some members of the present W.I.B. will be named on a new W.I.B. Reform will be shelved until the fight is over.

Guess the Beans in the Beanpot

IT MAY be that this is what will happen. Every one looks back with horror at the churning days of 1917, when everything went wrong until Baruch took hold. But there is some evidence that Business is not being listened to. That clause in the embargo repeal act by which American ships were to be kept out of all belligerent waters was reputedly fathered by Corcoran and Cohen and Berle. It would "destroy the American merchant marine"—a quote from inside the Marine Commission—and has "driven Secretary Hull almost mad"—a quote from inside the

State Department. So that no one can say whether the radicals or the conservatives will win.

Bowing Toward Hugh S. Johnson

IN THE radio debate in which he did so much harm to Secretary Ickes' defenses, General Johnson pointed out that, in the event of war, our only safe course would be to call independent groups into action from outside the Government, to handle these business affairs:

One of the greatest dangers to democracy, short of war, is the granting of extraordinary powers inconsistent with democracy to permanent bureaus of government. The granting of these powers helps perpetuate those powers and the individuals who hold them. If these powers are granted (to members of government bureaus) we may have them in office until death do us part.

Utilities May Be One Exception

THE utilities may run into trouble. Their leaders insist that, no matter what may be the demand for electric power, they will be able to meet it. The Administration says brusquely that they cannot, and that not all the inter-connections promised have been made. There is a possibility that control might be vested in a joint board taken from the F.P.C. and the T.V.A. This might head toward government control after the war.

Railroads Seem to be Secure

THERE will be some form of a railroad administration, but the terrible mess of government management during the first World War will not be repeated. Once was enough. A business man may be selected to head the administration, but the roads will be run by men who know how. John J. Pelley may remain in his present position as chairman of the Association of American Railroads.

Blood and Ruin May Run Years

MEN who are in a position to reflect what key men here are thinking report they believe we shall be in the mess inside of a year. No opinion formed today may be worth a nickel tomorrow. The men who said a month ago that the war would be short and that Britain and France would make peace are now talking in terms of years.

Another A.E.F. Not Probable

PRESENT assumption of these men is that under no circumstances would another A.E.F. be sent to France. Conditions are unlike those of 1917-18, and if the western powers were to find themselves in such desperate straits that more men were needed the possibility follows that an American army might be marooned in France and we might have to pay to get the men back home. Politics must be taken into consideration, too. A threat of an A.E.F. in 1940 would scrap some pretty political plans.

Mulligan Guards Might Revive

A HOME army would certainly be created. Thus the imperative desire of every man to see his legs in puttees would be satisfied. The W.I.B. has stressed in its Industrial Mobilization Plan the necessity of selective recruiting to avoid

DIAMOND T announces the first and only trucks in the world *Guaranteed* for 100,000 miles or a full year

FROM now on, every Diamond T Super-Service Truck carries a factory warranty which differs in one respect only from the standard warranty of the industry—it is effective for four times as many months, or twenty times as many miles.

The reasons for this guarantee are more important than the guarantee itself. They result from 35 years of continuous devotion to one ideal of excellence by the founders of this company.

Built for Longer Life

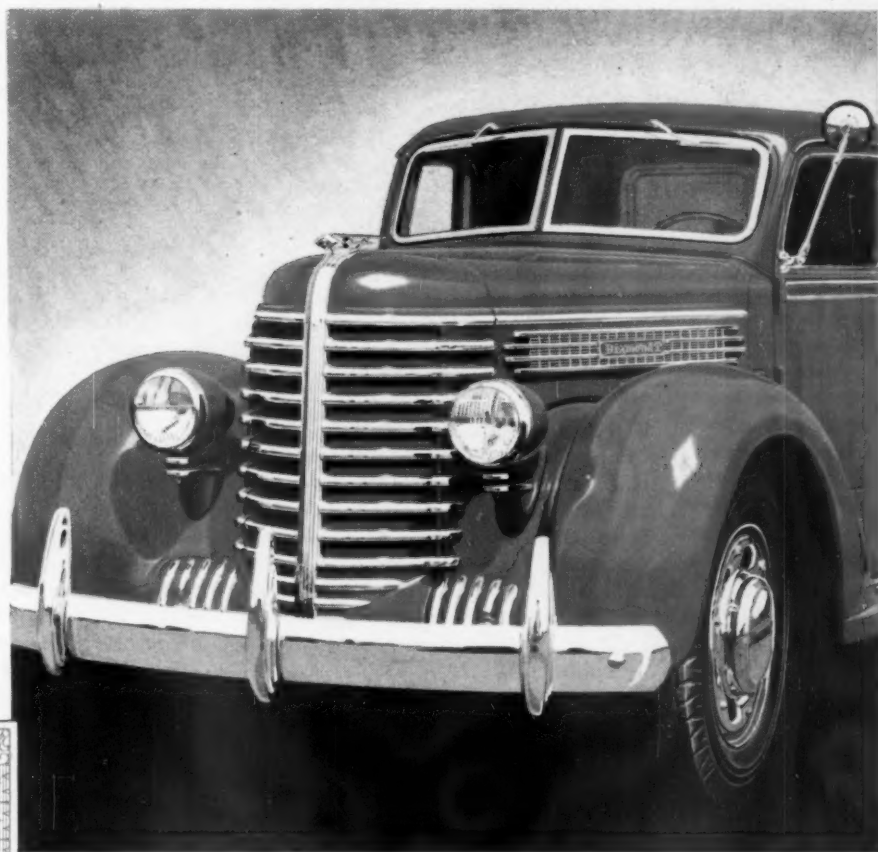
First is the *Diamond T Super-Service Engine*. Its stabilized block of hard electric furnace alloy iron wears enormously longer than common "grey" iron. Its massive 7-bearing counterbalanced crankshaft vastly reduces bearing loads. Electric-hardened journals are almost wear-proof. Bearings are of cadmium-nickel instead of babbitt—withstand 100° more heat. In addition, engine heat is safely controlled by full-depth cooling.

Similarly, every part of the entire truck is of most advanced design. And in every model, the units employed in Diamond T Trucks provide

generous extra capacity and strength.

This explains the almost incredible records your Diamond T dealer will show you in the big photographic "Book of Evidence"—records of hundreds of thousands of miles, with negligible maintenance costs.

You pay no premium for this extra quality, nor for the guarantee. Diamond T Super-Service Trucks are low in price as well as lowest in final cost. Call your Diamond T dealer, or write to the factory for "The Key to Lower Truck Costs."



THE DIAMOND T WARRANTY

protects you for

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20 times as far**

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of the motor truck industry

DIAMOND T

DIAMOND T MOTOR CAR COMPANY, CHICAGO

ESTABLISHED 1904

the dislocation of business. We might send planes, pilots and supplies over.

No "Incident" Means No War

CONGRESSIONAL opinion seems to be that we can keep out. It is conceded that an "incident" might pop us in overnight, but it is felt that we have learned a lot about the facts of life since 1917. The 90 day notes signed by Britain and France are remembered in many a congressional district.

On Capitol Hill it is reported that most of the friendship for our former Associated Powers is farther down Pennsylvania Avenue.

Here's a Bit of Nasty Gossip

OVER in the State Department, Ambassador Joseph P. Kennedy is not as well liked as might be. He has had a hearty point of view from the day the trouble started; he has the transatlantic telephone privileges; he wants things done in a hurry; and his language is described as deplorable.

F.C.C. Keeps Inching Along

IF WE go to war the Federal Communications Commission may thank its stars. Complaints are piling up against it in important congressional quarters. One is that some inquiries have been conducted in what is almost a star chamber. Witnesses have been kept from telling their stories. Another is that examiners have made "selective" reports of evidence.

War would head off the long threatened investigation, of course, and give the F.C.C. censorial powers it might never relinquish.

War Babies May Have Long Teeth

BUSINESS opinion, as it is heard in Washington, is all on the side of caution. Reasons are that Britain and France are fighting a slow, cautious war and buying accordingly: As many orders as possible are being placed in Canada and other dominions. Stuffed inventories, factory expansion, and war babies in general might spell ruin if there is an early peace. In spite of inner circle opinion, there is the possibility that the European powers might reach an early settlement.

Write This in Future Book

CONGRESS in 1940 will be asked to up army and navy appropriations. Half a million men for the army and a two-ocean navy will be the peace-time standard asked. If Britain and France win, the Navy's demands may be cut to an ocean-and-a-half, but an improvement in island defenses will be insisted on. American arms manufacturers will be asked to make only what our own army needs and sell nothing but surplus production abroad. In this way mechanical confusion and waste of capital will be avoided.

This Year's Boom May be Blighted

BUSINESS analysts in Washington, for the most part, think that not much war business will develop before spring, by which time there may be peace. If war continues—majority opinion favors this—the analysts think business men will be wise in going slowly. They think this war will not be the fine, bustling, heroic affair of 1918, filled with wasted material and pine headboards. It is strictly European power politics and the end will come the moment a deal can be fixed up.

Looking Into Crystal Ball

THE same analysts insist that American business would have been pretty good if the war had not come along. They anticipate a flurry of readjustment when peace is made and then a period of good to excellent business. Reasons cited: Americans have worn out many things and must replace; our higher taxes will be less of a handicap to some lines because European taxes will shoot through the roof; we should be able to pick up some nice trade in South America which formerly went to Europe; our defense program promises a backlog of manufacture for some years to come.

Cloud Effects by John Lewis

THIS moderately cheerful prospect is clouded by John L. Lewis's belligerence. His own people say that any lasting peace he may make with the A.F. of L. will be the kind that Hitler made with Poland. They say he thinks he is in a position to enforce his own terms on industry, now that he has his C.I.O. under control, and that the Administration must play ball with him, politics being what it undoubtedly is. He can only be appeased, they say, by occasional chunks of raw meat.

Labor Brains Are Anti-War

IF WE get into the war, wages might be raised, but labor brains appear to be unanimously against our sharing that unpleasant struggle in Europe. Reason is the certainty of strict government control of labor under conditions which would make opposition both futile and dangerous.

They know what happened to labor under dictators in Italy and Germany.

Bureaus Saved by the War

IN A conversation shortly before his death Senator M. M. Logan said he was certain the Logan-Walter bill would be passed by Congress in 1940. This bill, if made law, would compel the 130-odd federal bureaus and departments to obey the laws and operate under definite and open rules. But the war may prevent the passage of the bill, for the bureaus insist the national effort might be hampered if they are not left free as pigeons.

More Roosts for the Flyers

APPROXIMATELY \$500,000 will be asked of Congress in 1940 to bring the American system of airports up to a standard of moderate efficiency. The C.A.A. thinks that about 3,500 airports, in four classifications, ranging from 40 ports of the highest standard to emergency landing fields, are about the least we can get along with. The Army and Navy will urge that some hundreds of these should be made ready to accommodate the largest type of bombers. The three organizations will join in recommendations that even the smallest and most remote fields be put in fit condition. Many are suicide traps now.

Johnson and Edison Safe

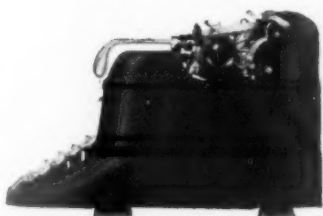
SOME of the more "forward-looking" New Dealers have been spreading reports that Assistant Secretary of War Johnson and Assistant Secretary of the Navy Edison are to be replaced. At the moment of writing these reports seem to be nothing more than wishful thinking. Johnson and Edison have done a notable job in preparing for the cooperation of industry with the armed forces in time of war. If we were to get into the war a good prediction would be that the President would be his own Secretary

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of War and Secretary of the Navy, and Johnson and Edison would continue to carry on in their present posts.

If and When We Go to War

IF WE should be drawn into the European war the American democracy would become "almost" a dictatorship overnight. This is the view of authorities. The statutes now in existence, plus the emergency powers of the President, the extent of which is now hardly realized and which in any event would not be seriously challenged, together with the legislation which has been drafted and which Congress would almost certainly pass, would give the Chief Executive practically absolute power. He could take over properties of every sort, control wages and hours, banking, agriculture, transportation and, broadly speaking, everything else. The Industrial Mobilization Plan has been designed to eliminate all the waste motion, extravagances, and follies of 1914-18. This dictatorship would continue until Congress determined that the emergency had come to an end.

Don't Blame All This On the War

MEANWHILE it might be noted that, in the past few months, the federal pay roll of the executive branch covers 67,436 more persons than a year ago.

Might As Well Face the Facts

A TENTATIVE war budget has been prepared for submission to the President if he should call for it. The present estimate is that the first year of war would cost the country \$15,000,000,000, give or take \$2,000,000,000. The mechanized war of today is disproportionately costly. Tanks, bombers, combat planes, interceptor planes, practically complete replacement of our antiquated artillery are only a few of the items. This is not regarded departmentally as an extravagant estimate.

Army's Prance Was a Limp

IT MUST be remembered that the American army not long ago was at an all time low of efficiency. When James Wadsworth was in the Senate he made the painful discovery that the average age of the American army horse was 18 years. The poor old Dobbinses were fat and shiny for parade, but they would have died of heart failure in a charge. The Army's trucks bought during the World War can be recognized by the noise they make. Farmers and auto-makers are in for some good army business, for the Army is *not* going to abandon hoss cavalry and it must have new trucks if it is to get anywhere.

This Headache Is Regulation

OFF THE record it is admitted by the departments concerned that nothing can be done about Mexico. That picturesque republic will not pay for the oil or farms that have been expropriated and the wells and farms will not be given back to their owners. In the most mellifluous and ornate Spanish, Mexico has asked the State Department—also off the record so far as the department is concerned—what we are going to do about it. Any one sending in the correct answer might get a new suit of clothes.

Good Neighbor Is Pinned to Wall

IF WE tried to get old-fashioned with Mexico some of the other South American republics would cry fie at our good neighbor policy. But if we do not do something to protect our business men they will be hunted for their skins and horns in one or two of the other American republics. At

any rate that is what the oldtimers in the State Department think. The same oldtimers fear that the plan to patrol the South American coast has the seeds of tumult in it. If one of our war vessels, they say, caught a foreign belligerent being belligerent in these waters our vessel would have only two choices: either to shoot or shut up. The one would be an act of war and the other leave the patrol looking silly. They say in the State Department, too, that not all of the southern republics are inclined to kiss our sheltering hand. They fear we may have a brick in it.

Straws in the Winds of War

SPEAKERS at a recent meeting of the Washington Association of Trade Executives observed that the country seems to be regaining its self-control. For the first two weeks after the war burst in Europe the trade association representatives here noted that their correspondents in the states were more or less resigned to what seemed the prospect that if the war continues we shall be in it. That resignation has been displaced by a reasonable certainty that we shall not get into the war. The west and south report that this is not our war and that we do not want any part of it. This seems to be of high importance, for the A.T.A.E. is in touch with local business men who in turn know what the folks at home are thinking.

Heavy Fire On Wagner Act

THE advisory committee of 60 business men who were named for the purpose of informing the Department of Commerce on the needs and hopes of business have given Secretary Hopkins a long list of reasons why the N.L.R. Act should be copiously amended. Hopkins, incidentally, is regaining his health and has resumed contact with the Department.

Not All Balm in This Gilead

THE Foreign Commerce Department of the U. S. Chamber of Commerce makes the pertinent observation that the shutting off of South American exports to certain European states may "increase the difficulty of some countries" in meeting payments for their imports. There is undoubtedly business to be found in South America, but the implication is that the American exporter should not be unduly optimistic.

Two Nices and One Not Nice

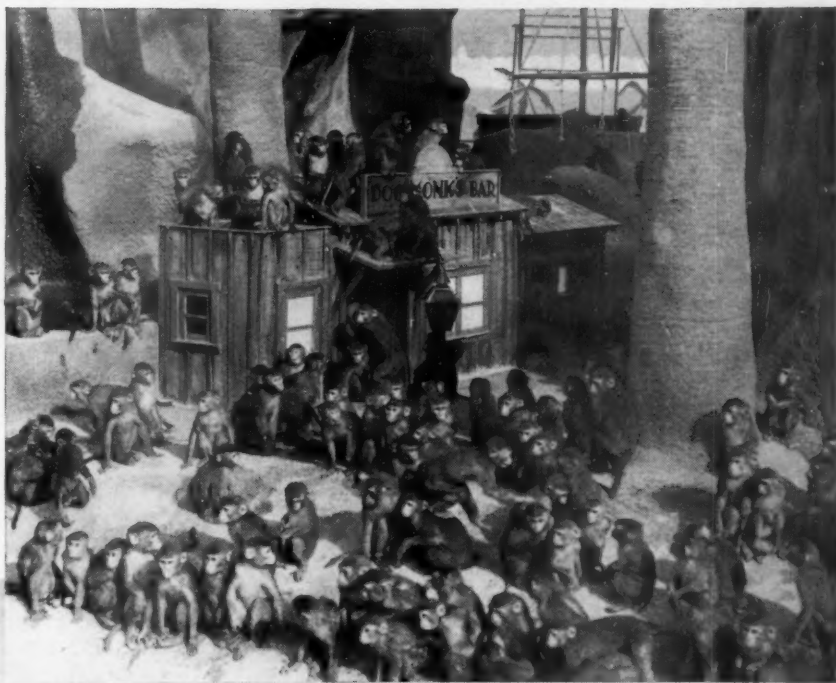
OBSERVERS of the Government's business affairs find that the new formula of the Treasury which liberalizes the profit limitation of the Vinson-Trammell Act is very nice. It relieves the manufacturer of war equipment for the Government of the fear of loss if he is obliged to install facilities for which he will have no use when the war needs are filled. It is also nice because it indicates that those who believe that no further business control legislation is needed at this time are influential with the Administration. It is not nice because the formula agreed upon was only made possible by the understanding that considerable discretion rests with the Internal Revenue Bureau in enforcing the profit limitation. That bureaucratic liberty of action is one of the things objected to by those backing the Logan-Walter bill to put the bureaus back in harness. Gen. Hugh Johnson thinks this is "almost Public Question Number One."

Herbert Corey



Owner of this stand capitalizes on children's love for birds

A New Face for Old Novelties



Monkeys chattering in a replica of native habitat lure customers to Monkey Island



Pork products would naturally be expected in this neon-snozzled pig stand

IN SOUTHERN California, where showmanship, fed by the movies, helps proprietors of many businesses to lure customers within their wide-open doors, scores of structures especially designed to represent the goods sold and services rendered demonstrate anew the old adage about a better mousetrap.

You may eat in a chili bowl, a tamale or a hat. Children can purchase ice cream across the counter in an ice-bound polar igloo, suggestive of comfort on a hot day; or within an owl, whose proprietor reasons that all youngsters love birds. One scarcely is surprised to find a pop-eyed pup supplying hot dogs, or pork sandwiches behind the open mouth of a neon-snozzled pig. And monkeys chatter, not behind bars, but on a replica of their native habitat many leagues distant.

Novelty brings 'em in once, by the thousands. But the men whose brains dream up these unusual attention-getting business structures have found that novelty ends at the front door. Service and quality lead the customer back thereafter, if he returns at all. And this priceless old axiom of business holds whether appeal is directed to a two-bit dinner in a tamale, or a \$2 dinner guest in Los Angeles' famous hat . . . the Brown Derby.

Newest and highly successful eating enterprise is the chain of 16 Chili Bowls, located on strategic corners in the Los Angeles area. Nine years ago their proprietor, Arthur N. Whizin, was selling meats to restaurants. One day he walked

into a kitchen, whereupon the proprietor tossed a cracked bowl at him, saying facetiously, "take it home." The thought stuck in Whizin's mind, and his hands clung to the bowl.

One week later, he was directing construction of an eating place shaped like a bowl used for serving chili. One bowl expanded to 16. Plans are now being made to lengthen the chain coastwise and east to Chicago. Although each bowl seats only 26 persons, by giving fast service, Whizin will whiz 1,642,000 across the 425 seats this year. Except for steaks which require longer cooking, each meal is served within one minute. Nor does a customer ever have to ask for more bread and butter. Attendants win bonuses by keeping their guests well supplied.

Whizin started the bowls with capital of \$1,500. To date he has invested \$250,000, all from profits. When asked to comment upon the value of the "bowl" as an advertising medium, Whizin declared it spells the difference between a single, only moderately successful establishment, and a chain of thriving low-price eateries.

The unusual structures appeal to fundamental emotions. One suggests appeasement of hunger, another carries the lure of some object of affection, while a third invites wayfarers to partake of physical comfort on hot days. All represent inexpensive and continuing advertising appeals, valuable only when backed up by the right kind of delivered value.

—ANDREW R. BOONE

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

IN THE first five weeks following the declaration of war in Europe, America saw the most gigantic realignment of invested wealth that has occurred since 1929. Billions were snatched out of some markets, and poured into others, as investors—each according to his own reasoning—sought to protect themselves against the economic impact of war.

In all this buying, selling and reshuffling, there was no panic and no strain. American markets, on the whole, performed their functions admirably; and what might otherwise have been a bad financial crisis was successfully averted by the smooth working of the nation's financial machinery.

War and the Stock Market

WHEN war came in 1914, the American stock market went into a sickening decline that finally forced the closing of the Exchange to avert panic. But events of the next four years taught investors that modern war is a battle of industrial strength as well as of armed might, and that such a war subsequently is beneficial to business and industry. So this time, the stock market ignored the first phase of panicky liquidation and started immediately to discount the ultimate benefits.

Stock prices, as measured by the averages, moved sharply up, and something between \$6,000,000,000 and \$7,000,000,000 were added to the market value of listed stocks in September as the "war boom" got under way. The price movements of individual issues, however, were exceedingly mixed.

While some "war stocks," attracting speculative favor, jumped 20 to 35 points, many other issues with less favorable war prospects, declined when holders liquidated them to reinvest in War Babies.

Rail stocks led the market with an average gain of nearly 35 per cent, predicated upon phenomenal increases in car loadings. The industrial aver-

age rose 13 per cent in September. Utilities represented the laggard group, gaining only four per cent. Although electric production rose to an all-time high, investors were afraid of rising costs without compensating increases in rates.

Trading on the New York Stock Exchange, which had averaged only 643,000 shares a day in August, jumped to an average volume of 2,300,000 shares daily in September. Trading for the month ran more than 57,000,000 shares and exceeded the total for the three preceding months combined.

Most of this sudden increase in volume represented "switching"—the trading of one stock for another regarded as more attractive. Many brokers, however, reported the opening of large numbers of new accounts; savings banks reported substantial withdrawals; and many investors liquidated bondholdings to purchase stocks.

This influx of new money into the stock market showed that the American public will still speculate when there is anything to speculate about. But apparently not on borrowed money; because there was no increase in loans against securities. In fact, such loans actually declined—probably due to the lightening of inventories by investment dealers.

The widely held theory that Wall Streeters themselves are responsible for speculation and market activity was effectively exploded when the Stock Exchange, after a quick survey, announced that about 85 per cent of all orders placed by the public were coming from outside New York City in the early days of the war market. Moreover, trading by Exchange members for their own account in the first week of the war accounted for only 20 per cent of total trading, which was a somewhat smaller proportion than they usually account for.

Based on an average volume of 2,300,000 shares daily, the market displayed what many brokers regarded as undue price sensitivity. In the early days of the war boom, it was

necessary for Exchange officials to induce large holders of certain issues to offer stock for sale. Otherwise the prices of issues for which there was large demand would have gone through the roof. Conversely, liquidation in any substantial volume resulted in bad breaks in prices. This inability of the market to "take stock" led to the formation of a large number of selling syndicates for distribution of large blocks of stock "off the board."

By the early weeks of October, the volume of trading had subsided, and the cooler heads in the financial district were advising caution. They pointed out that any one speculating for a further rise was presuming:

1. That the war will be a long one.
2. That neutrality legislation will permit American business to participate in war business.
3. That even if business does boom, the Government will allow business to keep its profits.

Anent this last point, many financial people attached great significance to a remark made recently by Bernard Baruch after leaving a conference at the White House. His comment, strangely enough, received almost no attention in the financial press.

"Any one who thinks he will be allowed to make a profit out of this war," said Mr. Baruch, "is crazy."

The Debacle in Governments

WHILE STOCKS zoomed, the government bond market suffered one of the most severe breaks in history. After a six-year bull market, the prices of government securities by the Spring of 1939 had reached a level just as fantastic and artificial as stock prices were in the Summer of 1929. The advent of war, with its attendant threat of higher money rates, was all that was needed to convince nervous holders of government securities that the party was over.

Issues in which price movements are ordinarily so small that markets are quoted in thirty-seconds of a point broke from one to two full points in a single day's trading. Within two or three weeks, some of the long-term Treasury issues had dropped nearly ten points, in spite of all efforts to discourage liquidation. And some issues had actually sunk below 100.

The slaughter would have been even worse except for the support the Federal Reserve Banks and the Treasury Department gave to the government bond market.

During September, the government bond holdings of the 12 Federal Reserve Banks jumped more than \$400,000,000. What the Treasury itself absorbed is not yet known.

Country banks are likely to be the

BIG BUSINESS — NO. 19



Air Transport

THE United States is really a far smaller country now than it used to be. Distances are measured in hours instead of miles, and San Francisco today is "closer" to New York than Boston was in the early 1800's. There are people who crossed the Great Plains by covered wagon who have lived to see the entire Continent spanned by air in 16 hours on regular schedule.

Yesterday's experiments in commercial aviation have become today's big business. American business enterprise has developed transport planes whose superior performance and design have resulted not only in their exclusive use in America but also general preference abroad.

There are now 170 airlines in operation throughout the United States, carrying passengers on regular

schedule over 36,000 miles of domestic and 47,000 miles of foreign routes.

Planes on American transport lines travel nearly one-quarter of a million miles each day. In 1938 they carried more than 1,500,000 passengers and 9,500,000 pounds of freight. Served by more than 2,300 airports and landing fields, and utilizing every known safety device, these lines have built up a safety record that is the envy of the world.

American civil aviation, with 11,000 planes and 26,000 licensed pilots, also provides a valuable military reserve in times of danger. The mechanical genius, production facilities and trained personnel that have made America's commercial aviation pre-eminent could quickly be converted to military uses, if the need should ever arise.

*As bankers for industry, and as trustee for the funds of others,
it is part of our responsibility to contribute something to a
better understanding of the facts about private business.*

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greatest sufferers from the decline in government bond prices. Big city banks held primarily the short-term issues, but many smaller banks, needing higher income, held the longer maturities in which the largest price declines naturally occurred.

With Treasury issues hovering around 100, it looked as though the worst of the immediate price decline was over. Government bonds can be discounted by banks at the Federal Reserve at face value and tendered at 100 by corporations in repayment of loans to the Reconstruction Finance Corporation. These privileges should help to keep federal issues from selling at substantial discounts.

Many government bond men, however, feel that the long-term trend of government issues is still downward, and state that no test of the market's real bottom can be made until all artificial support is withdrawn. On this point, the Federal Reserve and the Treasury Department are apparently at loggerheads. Eccles, Federal Reserve chairman, wants cheap money at all costs, no matter how much support is necessary to assure it. Morgenthau, head of the Treasury, feels that, if bond buyers know the market is artificially supported, they will be unwilling to buy new Treasury issues. He would prefer to sell new bonds in a free and sound market, even at lower

prices. The ability to finance is vital to the Treasury, which has more than \$3,000,000,000 of maturities to meet in 1940, not to speak of new money that must be raised to finance the Government's continuing deficit.

The Bond Market Decline

AS EXPECTED, the advent of war resulted in a sharp drop in prices of high-grade corporation bonds. The volume of trading was the largest for any month since 1920. On September 6, bond trading on the Exchange reached the highest volume for any single day in history.

The flood of selling came primarily for two reasons:

First, many investors, fearing that the war would inevitably bring higher money rates, felt that the general future trend of the bond market would be downward and, therefore, sold to protect themselves against possible losses.

Second, many other investors merely dumped their bonds to reinvest in the rising stock market.

Low-grade bond issues, however, which do not sell in line with money rates, but rather on the ability of the debtor corporations to earn their interest charges, rallied sharply on the prospects for general business improvement. Speculative rail bonds, on which interest payments were doubtful, enjoyed particularly large gains.

The saddest spectacle in the bond market was the collapse of foreign dollar bonds. Polish bonds, which had sunk to a low of 24 even before the war, fell to seven. Japanese issues dropped 12 points and even Canadian 3's declined from 95 to 75, and Australia 5's dropped from 88 to 68.

The Shift to Stock Financing

THE WAR brought investment underwriting to a dead standstill. For several weeks just before and after the outbreak of hostilities, not a single public offering was made. This stagnation occurred not only in the corporate but in the municipal field as well. Many municipalities, faced with the need for financing, tried to sell issues, but failed to receive bids. Those that finally succeeded in selling new issues did so only at an interest cost a full one per cent higher than obtained the previous month.

In view of the poor outlook for the bond market, it now seems likely that the recent era of high-grade bond financing is largely over, at least until bond prices stabilize at a new level. There is a bright side to the underwriting picture, however. The strength in stock prices is leading to the registration of many new common stock issues, or bond and preferred stock issues convertible into common stock. Before the war was three weeks old, several groups of courageous underwriters had brought out issues of that sort with notable success, and more than 20 equity issues had been registered by early October.

This condition of affairs may be a blessing in disguise to American business. It will enable many corporations to do stock financing that has been badly needed but nearly impossible in recent years. As a result of long inability to sell new shares, corporations have been forced to issue additional debt securities, and the balance between share capital and bonds is badly out of line in many instances. Since 1932, stock issues have accounted for less than nine per cent of the total corporate financing in this country.

The shift to stock financing will also be a boon to many smaller industrial corporations whose size and type of business do not qualify them for bond financing and who have, therefore, been unable to raise new capital of any sort in recent years.

Investment bankers expect that many companies will try to balance their capital structures by paying off part of their bonded debt through issuance of stock, or refund existing bonds through convertible issues that may ultimately be converted into stock. It is also believed that many

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companies will raise new capital through stock issues.

The raising of any new capital through stock issues, however, may still be some time off even if the war continues to bring business improvement. In the first place, many industries already have a substantial excess capacity that must be utilized before new capital is needed for plant expansion. Second, business remembers vividly the aftermath of the last war and will proceed cautiously in the matter of building new productive facilities.

The greatest immediate need for new capital would seem to exist in the railroad and utility industries. The railroads, which have enjoyed a great increase in business, are already placing large orders for new equipment; and the present capacity of the utility industry is being utilized even before any possible war benefits can be felt. The outlay for construction and equipment in the utility industry in 1940 is expected to reach \$600,000,000, the highest total for any year since 1930.

The Revival of Bank Borrowing

NEW YORK CITY banks reported a revival in the demand for business loans in the early weeks of the war. The increase in business loans for New York City banks alone in September was \$107,000,000. For the same period, member banks in 101 cities reported a loan increase of nearly \$250,000,000. Such loans, moreover, were not the long-term loans that have been characteristic of recent years, but short-term commercial loans of the type that used to comprise the greatest part of the earning assets of banks.

This first rush of borrowing came chiefly from corporations wishing to increase their raw material inventories to protect themselves against further price advances in the commodity markets, or insure themselves against possible shortages in future supply. Officially, there was no increase in money rates, but reports were current that some loans were being arranged at advancing rates.

Expansion of bank credit means that commercial banks at last have the opportunity to get back into the business of making loans to business. The increased volume of lending, plus the possibility of somewhat higher interest rates, should result in improved bank earnings in the fourth quarter of the year. The country's banking system, fortunately, is in an excellent position to supply credit in large amounts without strain and at reasonable rates, because excess reserves of Federal Reserve member banks stand at \$5,300,000,000.



LUMBERMENS Mutual has paid back more dividends to automobile owners than any other casualty company in America. Since organization, Lumbermens big cash dividends have saved policyholders on an average of over 20% on their insurance premiums. In the last ten years alone, those dividends have exceeded \$22,000,000.

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The First DETEX WATCHCLOCK WAS BUILT

It wasn't long after the Civil War when industry, finding a greater and ever greater market for its rapidly expanding production, began to look around for some better means of protecting the factories upon which this new wealth depended.

It was in this era, nearly a half century ago, that the first Detex Watchclock was designed. Since then, year after year, more and more Detex Watchclocks have been built to serve more and more industrial plants until today there are 80,000 in daily use.

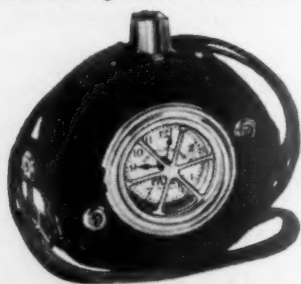
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It will pay you to put this experience to work in protecting your plant from fire and crime. See your nearest local agent or write for full information.



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My Son Has a New Job

(Continued from page 40)

conferences. He wouldn't let the caller break into his office to chat about trivialities while we were trying to solve a tax problem, but he has never learned to say "I'm busy now; please call me back later." Probably he hasn't learned either—though it is good business—to introduce a call of his own by asking "Are you free to talk for a minute now, or shall I call again?"

Depending upon how you use it, the telephone is a time saver or a time waster; a friend maker or a friend loser. But don't be a phone dodger; the length of a conversation is largely within your own control.

Better to tell the truth

NATURALLY, you will not let your secretary use the old gag that you are in "conference." If you absolutely cannot see a visitor or answer a telephone call, have her tell the truth. "Mr. Scott is with the general manager... is working on a report that must be finished in an hour... is talking with another caller... he will call you at such and such a time."

But make it your general practice to see every visitor—and to keep no caller waiting. Go out to the reception room for half a minute if that is the best you can do; make an appointment for later if necessary; but don't leave some poor fellow cooling his heels for an hour, no matter who he may be. A reputation of being hard to see is a mighty poor reputation for any business man.

You'll get stuck once in a while, of course. A job applicant, a salesman, an old college friend wasting an hour between trains, may overstay his welcome. There are not too unpleasant ways of getting rid of the pests. Consult your watch—that's a hint. Put your hands on the arms of your chair, as if you were about to get up. If he doesn't recognize that gesture as one of dismissal, actually stand up, hold out your hand and say, "It has been fine to see you. You must come in again some time when I'm not quite so busy."

Or, if your secretary understands the earlier symptoms of your distress, she will leave the room and call you from the switchboard.

"Oh yes," you answer her query as if she were the president of the company, "I'll be there in just a minute."

That one is sure-fire.

Have your own opinions

I KNOW you will not be a yes-man, but it is equally important not to be a no-man. Have your own opinions and don't hesitate to express them—even if you are in the minority. Argue for your beliefs—yes; but don't pretend that you know it all, because you don't; no man does.

Constantly make suggestions for the improvement of the business. They won't all be accepted, but if you can bat

.300 you'll be a very valuable man on the team.

Learn to do some one thing better than any one else—make it your specialty. The records of important business are full of stories of men who went to the top because they had superbly trained themselves in one line.

Teach yourself to be a public speaker and not a public sweater. Oratorical effect is not necessary, unless you must cover a paucity of ideas; but it is always pathetic to see a business leader tremble and stammer when he is called upon to say a few words—painful not only for him but also for his audience. Now, while you are young, is the time to conquer those knocking knees.

Don't be a credit snatcher. One of the biggest engineers I know is big because he gives praise lavishly to his associates and takes any blame on himself. "This was a mistake—I did it," he will say. "But Bill Stebbins invented this new method that worked so well and saved so much money." His generosity fools nobody, but men love to work for him.

Finally, make no little plans. Details can be handled by clerks. Policies must be made by thinkers—men of imagination and courage—and the world has never had enough of them. You can be one.

This is a large armful of advice. You don't need it all now, but I may never be inspired to write it again. It is out of experience. It has worked. It will work again. Good luck to you.

Insurance Appraises War Risks

EXTRA premiums to cover hazards of new and possibly deadlier war for civilians as well as soldiers are now being pondered by U. S. life insurance companies. After the Spanish-American and World wars, when losses turned out to be much less than expected, extra premiums were refunded in full.

Ninety-five per cent of all U. S. companies dropped war service restrictions from ordinary life coverage at end of last World War, confident that another war was, for this country, a remote and negligible contingency. Since outbreak of European hostilities several American companies have announced war clauses for new policies. More are in the making.

Canadian and British companies acted immediately on outbreak of present conflict to put war restrictions or extra war risk premiums on new insurance policies. New hazards of aerial bombardment to civilian populations are reflected in Canadian insurance policy charges, covering lives of civilians leaving North American continent for war zones. Such civilians will be under approximately as great dangers as men in the trenches, judging from the extra rates on new

policies; additional premiums are generally equal or nearly equal to those charged for coverage of military service.

Comparatively short time that the United States was actually engaged in last European war is mainly credited with low mortality from war hazards, according to a study by the Northwestern National Life Insurance Company, although losses of companies doing large foreign business were also considerably less than expected.

Service mortality was low

FOR United States companies, losses on soldier and sailor policy-holders were actually less than on other lives. Even U. S. companies doing a large foreign business saw their mortality ratio continue its slow decline of several decades until 1918. Huge losses, however, were borne by American life insurance companies due to the flu epidemic which started in Army cantonments and spread to civilians. Decreases in general U. S. mortality during the first three years of the World War were more than offset by enormous death rate from influenza, which reached its height in the last four months of 1918.

Substantial losses in excess of premiums collected were experienced in the World War by United States war risk insurance. This insurance was sold to soldiers and sailors at unusually low rates, and extra losses covered by the U. S. Treasury. More than \$1,000,000,000 in claims were awarded by the War Risk Bureau up to September 30, 1919.

At the outbreak of the present European conflict the only general restrictions in U. S. life insurance policies which related to war service provided that disability provisions and double indemnity from accidental death would not apply to disability or death resulting from war service. Full regular life insurance coverage in the policies of 95 per cent of the companies made no restrictions regarding war service, and provide full coverage in case of subsequent death in military service by the holders.

Most policies, however, include definite restrictions on airplane pilots, ranging from extra premiums to definite refusal to cover. Many companies which accept regular commercial air pilots refuse to cover military or student pilots; some provide coverage even for student pilots at substantial extra premiums.

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GOOD BUSINESS NEWS



A succession of annual losses of \$150,000 or more left the MAGNUS CORPORATION* with depleted working capital. Inability to take discounts on purchases impaired credit and increased operating costs.

As usual, under these conditions, current financing became a worrisome problem. Regardless of possibilities ahead, this company could not obtain from its regular sources sufficient funds to finance its potential sales. The experience demonstrated one of the glaring weaknesses of their financing set-up. A system which limited borrowing mainly on the evidence of a financial statement was a handicap rather than a help.

In direct contrast, our "NON-NOTIFICATION" Open Account Plan ignores such negative evidence, and provides funds on the positive evidence of a concern's ability to sell. Since this method obviously met their needs, the MAGNUS executives decided to try our service.

Our first advance on receivables was made on July 12th, 1937. The following excerpts from a letter we recently received prove the amazing results when they switched to flexible financing:

"As our balance sheet shows, we have accomplished a fine net change in our operating and financing position. Losses have been transformed into 'net profit' during the current year . . . One of our largest suppliers advises that credit in excess of one half million dollars will be extended during 1939 if needed, due to our record, since July 1937, of making payments on or before due dates . . . The use of your service frees executives from the 'shackles' usually thrown around a business by financial institutions . . . I believe this freedom from the worry of meeting short time loans would alone be worth much more than the cost of your service."

"NON-NOTIFICATION" Open Account Financing probably costs no more, very likely less, than you pay for time loans. You pay no interest on unused or unusable funds. You get cash advances against shipments in whatever amount you require. You need not borrow in excess of actual requirements. Your deposits are credited immediately against advances. For detailed explanation, send for a copy of our free booklet "CAPITAL AT WORK" to Dept. NB. No obligation.

*A fictitious name, but the facts and figures, taken from our records, can be certified.

COMMERCIAL CREDIT COMPANY

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CAPITAL AND SURPLUS MORE THAN \$65,000,000



A STATEMENT *by* GENERAL MOTORS

ONCE again at the automobile shows and at its dealer showrooms in every community throughout the land, the motor car industry is in the process of displaying its new models before the sight and judgment of America.

How well and how widely these cars win favor, is important not only to those who make them, but also to the national economy. For the automobile today is not merely the product of the factory that builds it—it is equally the product of scores of producers and suppliers of raw materials involving the productivity of millions of workers distributed in thousands of places — almost everywhere.

So it is not enough that the new cars represent improvement over yesterday's models. In the general interest they must also represent values so compelling as to stimulate wide-spread buying.

We believe you will find the General Motors cars for 1940 fully meet these requirements.

There is built into them the accumulated experience of an engineering group which, from the very beginning of the industry, has had the ability and courage to pioneer. Originating with the electric self-starter in the early days, down through the years there has come a continuous series of engineering achievements. But that is not all! General Motors technicians have demonstrated their versatility by developing such engineering products as the Diesel locomotive destined to revolutionize transportation by rail, the Allison aviation engine recognized as a most important contribution to aviation engine practice, and in a somewhat different field, tetra-ethyl lead as a component of gasoline, revolutionizing the relationship of the fuel to the engine, making possible more

CHEVROLET

• PONTIAC

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• BUICK

power with less weight and with greater efficiency. General Motors is proud of this record of achievement.

But now in 1940 comes something more, and important. A new mechanism to connect the engine with the car has been in evolution for several years. It takes advanced form in 1940 and will be introduced in one of the cars of the General Motors line. The clutch is eliminated. The changes in ratio, or speeds, are automatic. You simply steer! And the cost is astonishingly low for such an achievement. This device is destined to take the transmission out of the driving technique of the car of tomorrow. You certainly will be intrigued when you see and try this interesting mechanism.

But the modern motor car has become not only something in which to go from place to place, but for many something to live in—hence comfort, luxury of appointment, size, are important considerations. General Motors 1940 cars are definitely larger. The seats are wider. There is more room for both passengers and baggage. And in luxury of finish they are far superior to anything that General Motors has been able to accomplish before.

Again, here is something important! In several of the General Motors lines for 1940 there has been added, an extra and special model for those who appreciate the ultra in design attractiveness and luxury. You cannot help being impressed when you see this most modern

of all cars. It is different! It is most appealing.

While many items of cost have recently risen, and added value has been built into the 1940 design, selling prices in general have not been raised; in fact, some models list somewhat below the 1939 range. General Motors subscribes, without reservation, to the prime importance, in the face of the existing emergency, of avoiding unwarranted and unjustifiable price advances. Such will be the policy throughout all its extensive relationships. It will avoid to the utmost everything that promotes instability of the economy.

Thus the value of General Motors cars in 1940 is plain to see. But value is relative. It necessarily involves the price you pay and what that price includes. General Motors prices are clearly shown on "plainview" price tags attached to every General Motors car on exhibit in every General Motors showroom. You see the base price the dealer sets on the car you need. You see all the additional items incident to the transaction. And with each sale there is supplied an itemized invoice showing each item separately and its price as a part of the price you pay.

Thus you see the value. Thus you see the price. The result is bound to be a clearer picture of the greater value in these General Motors cars of 1940.



Alfred P. Sloan
Chairman

GENERAL MOTORS CORPORATION

L A S A L L E

C A D I L L A C

WHAT TO DO WHEN EMPLOYEES NEED CASH LOANS

Do you have to say "no" when an employee asks for a loan to meet an emergency? Does company policy prevent you from advancing the funds you know he needs to meet bills that can't be paid out of current earnings?

Workers can get cash here

Your company can hardly be expected to act as family banker to *all* your workers. Yet where shall you tell your employees to borrow? From a bank? Banks require collateral which wage workers seldom own, or co-makers they can't readily get. From a friend? Friends usually have their own money problems.

To make loans to workers without bank credit is the job of Household Finance. At Household responsible families can borrow up to \$300 on their character and earning ability. No bankable collateral is needed, no wage assignment taken. Last year this service helped over 600,000 men and women to pay medical and dental bills, make repairs, keep insurance in force, pay taxes—meet money emergencies of many kinds.

Borrowers at Household repay their loans in equal monthly installments. Each may choose the payment schedule which best fits his budget. This plan permits borrowers to clear up their indebtedness without sacrifice of living standards. The table below shows sample loans and monthly payments.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in New York and nine other states. Due to local conditions, rates elsewhere vary slightly.

Thousands learn money management

Household believes that a family should do its best to keep out of unnecessary debt. To borrowers—and to all who request the service—Household gives guidance in money management and better buymanship. Families learn to save on daily purchases and get more out of limited incomes. Household's consumer publications are now used in more than a thousand schools and colleges.

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Peace Versus Profits

(Continued from page 28)

agency program has not yet been completely unfolded. But this much is certain: there is little likelihood that the present special session of Congress will institute new federal controls over business or modify regulatory laws already on the statute books. The Administration is evidently trying with complete sincerity to avoid giving the impression that complete regimentation of business is near at hand.

The War Resources Board, created this summer to advise the Administration on plans for industrial mobilization, has already been disbanded. Most business men were greatly reassured by the caliber and character of the individuals chosen to man this Board. If a new emergency arises, the Board may be quickly reconstituted. On the other hand, the circumstances of its departure were disquieting. Inner-circle New Dealers were much in the picture. Obviously, personal frictions, palace politics and quarterback tactics are still rife in Washington.

Administration has strong powers

DESPITE rumors and gossip to the contrary, there seems to be little that the executive branch of the Government can do to assume further regulatory powers over business except in case of war. Legal authorities assert that new legislation would be necessary to enable the Government to proceed with any drastic plans for control over industrial production and prices. About the most that the Administration could itself do, while we are still at peace, is to exercise the authority given to the President by the present military procurement law to require manufacturers to take government orders for essential war supplies.

If a manufacturing corporation refuses to accept such contracts, the Administration can take over the plant, produce the goods needed and, on conviction of its executives, have them fined or imprisoned.

Apart from the war preparedness program, there are two economic fronts upon which an attack might soon be made through emergency legislation. These are the fields of prices and labor relations. In both fields, consideration of new laws or revisions of present laws will probably be deferred until the regular session of Congress convening in January.

There has been much loose talk about the imminence of government price-fixing. As a matter of fact, except for agricultural commodities, the Government's present statutory authority respecting industrial prices is limited to efforts to prevent rather than encourage price-fixing. This power lies in the anti-trust laws. The present policy of the Department of Justice is to seek rigid enforcement of the anti-trust laws in all industries where there is even a suspicion of collusive practices in restraint of trade. There are no apparent grounds

for suspecting this policy will be soon reversed.

With regard to labor legislation—existing and prospective—it will take more than the desire of a few zealous bureaucrats to bring about the enactment of measures to expand or make more severe the controls now in operation. During the last session of Congress the pendulum began swinging to the right. Well informed business men think there is a greater prospect of relaxing the restrictive terms of existing statutes at the next session than of adding new controls. Both the Fair Labor Standards Act and the Wagner Act seem to be slated for a thorough overhauling by Congress next year. The extent of this overhauling, as in the case of price control legislation, will doubtless hinge upon economic developments within the next few months.

In the interlude before the next regular congressional session, business will retain in its own hands a large measure of power to determine the future course of regulatory legislation related to war developments. Business cannot and need not mark time pending congressional disposition of proposals for repeal or modification of the Neutrality Act. The present business outlook is somewhat clouded by the uncertainties rising out of the war in Europe. Nevertheless, there are some definite sign-posts. Here are a few basic observations and conclusions reflecting composite business opinion:

1. Unlike the situation prevailing when the World War broke out in 1914, the trend of business in the United States was decidedly upward when the present European war began.

2. Whatever happens to the Neutrality Act, and irrespective of whether this country gets into or stays out of war, business is likely to continue to improve at an accelerated rate.

3. This acceleration in business has been largely due to natural economic conditions but will be intensified by the expansion in this Government's own preparedness program.

4. It will also be intensified by large-scale purchases of materials and supplies by belligerent Governments, which will probably total several billion dollars within the next two years even if the Neutrality Act should be kept untouched.

5. Complete repeal of the Neutrality Act would not in itself cause any tremendous additional upsurge in this country's business, because the prospective volume of purchases of munitions is small in comparison to the volume of purchases of other kinds of goods now needed by belligerents and obtainable in this country.

Of course some competent economists and business men are less optimistic. Some believe that the boom will be short-lived, that a sharp reaction will soon set in.

While the economic outlook for the immediate future seems generally favorable, many pitfalls and hurdles are ahead for management. War contracts, for instance, do not always turn out to be as profitable as they may appear at the outset. Should a company accept an apparently lucrative war order when it is

operating at nearly peak capacity and would have either to turn down domestic orders or expand its plants and purchase new equipment? Is it not probable that the lion's share of the profits from war contracts would be taken by Government in the form of higher corporate income taxes, or by labor through exacting higher wage rates? If a concern neglects its regular domestic customers to accept war contracts, is it not likely to lose these customers to its competitors when the world returns to peace?

Already hundreds of executives have had to find answers to these questions. Some have decided against taking any war contracts except those which our own Government considers indispensable for purposes of national defense. Others have decided to the contrary, believing it will be possible to obtain war contracts under such terms and conditions as to protect their enterprises.

All companies are now confronted with potentially critical pricing and labor problems. The two kinds of problems are closely linked together because labor costs represent, in the aggregate, such a large proportion of the total business costs.

The prevailing business attitude toward prices is wholly realistic. What goes up must come down. Stability in prices is much more to be desired than the prospect of speculative profits during an up-swing. Already there have been substantial price rises for many commodities. Since early in August, the nation has been experiencing a buyers' boom due in part to speculation and in part to normal economic forces.

Much buying on speculation

GENERALLY speaking, inventories have been low; abnormally low in some lines. Advance buying to replenish inventories before prices mounted was logical and inevitable. There has also been much speculative buying by consumers. Quite without warrant, housewives began to hoard food and other commodities at the first news of war abroad. There has been no shortage of anything they need or may need. There is no likelihood of a shortage in the immediate future.

Nonetheless, abnormally heavy buying early in September pushed food prices up beyond levels warranted by ordinary conditions of supply and demand. Spokesmen for the food manufacturing industry point out that this situation should no longer prevail. Competition among the 40,000 manufacturers and processors will keep prices down unless the Government should step in with some new program for limiting agricultural output to create artificial price rises.

How long will price advances proceed in other fields? Nobody knows for sure. It is only logical to expect that progressive business expansion will produce generally higher price levels. There are, however, many "but's" and "if's." To illustrate, in many manufacturing industries higher volume means lower unit costs. The automobile industry provides a conspicuous example. As its sales have increased, it has been able to reduce prices, thus stimulating greater demand.

Look at what happened in the boom

BOOSTING the nation's business

Business gives customers a warm reception with these sales-inviting floors

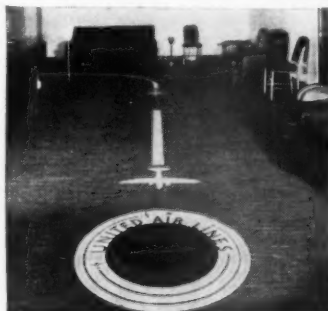
IT'S SMART PSYCHOLOGY to make a good first impression on clients and customers. That's why business leaders everywhere dress up reception rooms, offices, and showrooms with eye-appealing floors of Armstrong's Linoleum.

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See your local linoleum merchant for complete facts and figures. And write for our new book, "Better Floors for Better Business," which shows how others are winning sales with Armstrong Floors. No charge (outside U.S.A., 40¢). Armstrong Cork Company, Floor Division, 3911 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)

At right:

"Welcome," says this foyer floor of Armstrong's Linoleum in the offices of the Herward Fabrics Company, New York City. The custom-designed inset, which adds a personal touch to office atmosphere, is achieved in White and Ruby on a field of Black linoleum.



Telling a story is easy with floors of Armstrong's Linoleum. Note how United Air Lines directs footsteps to a clever map inset depicting the air lines' route.



Call letters around a compass set the scene in the reception room of radio station WICA, Ashtabula, Ohio. This smart floor design, in Armstrong's Linoleum, consists of a Monobelle field, a border of Cadet Blue, and a feature strip of White linoleum.

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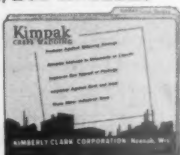
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of the late '20's. While business was going up from 1926 to 1929, prices of finished goods were going down. Will this bit of economic history repeat itself? Not necessarily. In many respects, the situations are not parallel. Even so, business men seem determined to avoid anything like price inflation. They know that, in the long run, profiteering is not profitable to anybody.

Perhaps the biggest question mark in the current business picture involves labor. What will organized labor demand? What will the Government do or try to do in its behalf? Here, too, the picture must be resolved into its components. It is necessary to look at the cons as well as the pros.

There is still a labor reservoir of nearly 10,000,000 unemployed. Contrary to what might be expected as a result of this great labor surplus, average hourly wages for industrial workers are now at an all-time high.

In some industries and some localities, shortages of competent skilled craftsmen have already developed. On the other hand, there is a greater potential mobility in the surplus labor supply than ever before. Moreover, the United States employment service and its affiliated state employment services are now in a position to expedite interstate and intercommunity clearance of labor. Effective use of these facilities may go far to remove "bottle-necks" resulting from the scarcity of skilled labor in particular communities.

The apparent strength of labor unions in terms of membership totals is at an all-time peak. Yet, the reaction has set in against union extremism. Public-opinion analysts report that the C.I.O. is in the "dog house." The public has turned against strikes. It now is inclined to blame unions when labor strife develops. The legislatures of several states

have already cracked down on unions. It is not beyond the realm of possibility that any union excesses which tend to impede normal business expansion will result in the enactment of federal laws for the regulation of labor unions.

Through the Fair Labor Standards Act, the Government is forcing increases in hourly rates and is penalizing resort to long weekly working schedules. But the wage rates of most competent industrial workers are now above the 30 cent maximum that became applicable this October and, in many instances, average weekly hours are still below the 42-hour maximum.

On first thought, the present trend toward general business expansion would seem to point toward a corresponding increase in labor costs. Certainly, prevailing high rates, aggressive union activity under the encouragement and protection of the Wagner Act, potential shortages of craftsmen, all point in that direction. There are, however, mitigating factors. Management can do much to keep labor costs at reasonable levels for months to come. Much is already being done or planned.

For example, there are several ways to prevent any acute shortage of labor from making it necessary to pay exorbitantly high wages. Some companies have decided:

1. In recruiting additional employees, to exhaust all possibilities of obtaining an additional force of employees from the public relief rolls.
2. To accelerate and expand their training programs.
3. To dilute their present forces of skilled labor by providing semi-skilled or partially trained workers to perform the simpler operations and tasks that have recently been performed exclusively by skilled craftsmen.
4. To utilize new machinery, new manufacturing methods and processes to in-

If we sell more, we must buy more

John A. Zellers,
Vice-President,
Remington Rand, Inc.

"If the non-warring countries buy more from us we also must buy more from them. We must take warring Europe's place as a buyer as well as a seller for the only way most of them can pay us is by an exchange of goods. We are already sitting on two-thirds of the world's supply of gold.

... We have indirectly forced other countries to get along without gold and thus hindered international trade."



crease the output of the present force of employees to the extent that this can be done without sweating labor.

There are real possibilities in the last expedient. Throughout the depression, hundreds of corporations deferred the introduction of technological improvements for the sole reason of safeguarding the jobs of long-service employees. They can now introduce these without adversely affecting any one and attain real economies of operation.

Discussion of higher wages

ALREADY well entrenched labor unions are demanding substantial wage increases in anticipation of higher costs of living and higher profits. Many companies are planning to make sure that employees' earnings are advanced to the extent warranted by greater profits. Nevertheless, with entire justification, far-sighted executives are questioning the advisability of direct wage increases because of the presumption of their permanency. Bonus plans and various profit-sharing devices are being given renewed consideration. With such plans, current wage rates would remain unchanged but all employees would have the opportunity to obtain higher earnings bearing a direct relationship to anticipated increases in company profits.

So-called adjusted compensation plans which vary employees' weekly earnings according to fluctuations in cost of living are also being studied. To the extent that either of these alternatives to direct wage increases are adopted, business executives are pointing out, it will be possible to avoid the uneconomically high labor costs that would inevitably develop when the present trend in the business cycle is reversed.

Employers cannot single-handedly accomplish the difficult task of keeping business moving on a steady upward course without economic dislocations and hardships throughout the unsettled period immediately ahead. It is a truism that the interests of business are inextricably linked with those of labor and the consuming public. Consumers suffer just as much from labor profiteering as from business profiteering. Labor suffers just as much from repressive regulatory legislation as does business. All three major elements in the economic structure are in the same boat as far as war developments are concerned.

Given sagacious planning and action by business, given responsible labor leadership, given an understanding public, given reasonable laws and prudence in their administration, the United States can work its way through the present abnormal situation without undue hardship to any class or interest. Statesmanship on the part of business executives, labor leaders and our public servants will make it possible for this country to enjoy a greater and more wholesome state of prosperity no matter what happens in Europe. What's immediately ahead for business is, to be sure, in the lap of the gods. Smart business men, however, are saying to themselves and their colleagues, "Let's keep our shirts on and not expect the worst."

Congratulate Yourself



ON A THRILLING ESCAPE

Shocked, but unharmed, by the sudden and disastrous failure of a "good old customer," you can certainly congratulate yourself on having your receivables protected with American Credit Insurance. Claims are adjusted and reimbursement made promptly according to the terms of the policy.

American Credit Insurance

is "carried" by thousands of Manufacturers and Jobbers, year after year, as assurance that capital will not be impaired by insolvencies nor frozen by delinquencies.

American Credit Insurance enables an executive to plan and develop his business free of the fear of the future. American Credit Insurance promotes more amicable relations between sales and credit departments.

Ten basic American Credit policy forms are available, protecting your sales under almost any conditions. Reorganizations under the Chandler Act are considered as equivalent to insolvencies by the terms of these modern policies. Investigate.

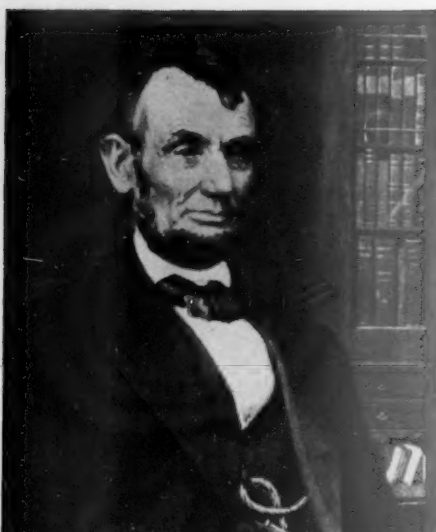
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The Citizens Clean House

(Continued from page 23)

tee started work, the heads of the city's legal division, the departments of public works, welfare, water, personnel, and purchasing all were ousted or resigned.

The steady discharge of employees has gone on. Total personnel for the city and county on May 1 was 6,603. It is estimated that the November report will show one-fourth this number dropped from the pay rolls, at a saving of \$400,000. The Committee estimates that a year's task lies ahead of it in replacing machine hacks with high-type personnel, and that the savings will then total \$500,000 for this one item over 1938.

Purchase prices were padded

ONE glance at the vouchers for purchases showed that all the city's business had been going to firms that had the political blessing of the machine. The city charter provided for open bids, but what's a charter among friends? There hadn't been a day, city employees admitted, when the charter had been followed in making purchases.

Take meat, for instance. The city serves meat at the municipal hospitals and farms. One firm got nearly all the business. One record sheet shows that in eight consecutive days the purchases for meat from this concern totaled more than \$9,000.

Lumber, coal, hardware, milk, groceries—everything the city used, in every department—"cleared" through the hands of the machine and made its contribution to the pools of graft. The "lug" was put upon every item touched. The city paid 4¼ to 9½ cents each for the little paper license stickers on the auto windshields, when they could be bought for 1¼ cents. Even the tiny cigarette-tax stamps were bought at triple cost.

The subcommittees on purchase have taken a firm hand in drawing up new contracts for services and supplies in the future.

They demanded—and got—public agreement with officials on this plan:

First, all dealers are to be notified and given opportunity to offer their bids.

Second, contracts are to be made openly with full publicity given the names and figures.

Third, the city and county must get the benefits of discounts for volume purchasing.

Lewis Kitchen, chairman of the subcommittee investigating motor vehicle purchases and upkeep, enlisted three of the largest motor dealers to assist in a thorough study of this item. Purchases of 65 cars and trucks now in use were scrutinized in detail. The report shows that, because of poor business management and careless use of public funds, a loss of \$5,900 could be checked on the 65 deals.

New contracts for the purchase of gasoline have been drawn up under the

watchful eyes of the subcommittee at nearly five cents a gallon less cost—a total saving of \$25,000—for the coming year.

The Committee found that the cost of supporting an inmate in the Woman's Reformatory averaged \$6 a day, which would be good rates at a first-class hotel. That figure has been halved.

Costs far out of line

REPORTS show that the average cost of garbage disposal for the past four years was \$361,021.35 a year. The Committee discovered that Denver handles its garbage disposal by contract with a bonded private individual, at a cost of only \$13,500 a year; and that Milwaukee sells a by-product of the city's sewage disposal plant at a profit.

Costs in the Street Cleaning Department have risen from \$239,000 in 1935 to \$459,000 in 1938-39. Savings of at least \$190,000 in this department have been announced as possible.

Under Chairman Gifford's leadership, the Citizens' Audit Committee has completed audits in these and dozens of other units of municipal and county government, with results that startled and shocked Kansas City citizens.

They didn't even know the city was in debt until figures were laid bare showing \$1,200,000 of unpaid bills, unpaid salaries of \$630,000 and other obligations of \$206,628.

One item alone, \$365,000, was discovered paid out secretly over the past five years to an engineering firm "to look for leaks in the water system"! Mr. Gifford reports that savings of \$986,000 are already indicated as of November 1 this year, and that at least one-third of the \$5,000,000 cost of the city government for 1938 can be saved for the taxpayers by business methods and elimination of graft.

"We are proceeding on the idea that nothing should be hidden from our citizens and from the public at large," says Mr. Gifford. "Unfavorable publicity? Don't talk to me about that. We're going to clean up this mess, and make Kansas City known throughout the country as a model city in which to live and to do business."

A charter needs enforcement

"ENFORCE the charter!" is a motto of Committee experts. Kansas City citizens adopted the city-manager form of government in 1926. It is the same kind of charter under which Cincinnati operates with well deserved recognition. But the new charter never hampered the machine which simply dictated the appointments of the key positions. The rest was easy.

Proving that no charter, however ideal, can of itself insure a city good government. There must be able, honest and efficient administrators and employees.

The Forward Kansas City Committee

is determined to dust off that charter and use it.

The Committee has exposed the inevitable tie-up between corrupt politics and organized crime. They have brought into court Big Shots in the criminal rackets—gambling, vice, narcotics—who held public positions and kicked back money and votes to the boss. They have uncovered the racketeering that levied upon wholesaling, retailing, transportation and all other business activities by fees, punitive regulations, difficult working conditions, forced purchases and all the rest of the politically protected black brood.

Politicians cheated each other

ONE of the diversions of Committee members is to listen to wrathful accounts of political henchmen who declare they didn't know they were being double-crossed.

They didn't know the boss was getting 90 per cent of the swag while they got only ten per cent. They supposed they were splitting 50-50, as gentlemen should.

When Governor Stark proposed to place control of the Kansas City police department under a board appointed by himself, the Chamber of Commerce, long an exponent of "home rule," opposed the idea.

As it became apparent that such control would strengthen the clean-up campaign, the executive committee called for a referendum and an overwhelming majority of the members favored the governor-appointed board. The Chamber backed the bill and it became a law.

The Civics Department of the Chamber has given vigilant assistance to reorganization of the police department. President De Motte says:

Our Chamber of Commerce is demonstrating that in matters pertaining to good citizenship we can function, without partisan or political taint, in an unselfish, public-spirited manner.

Among the matters being given vigorous attention by the Committee, and which should be attained in another year's work, are these:

Coordination of purchasing for all local governmental units, at substantial savings. Reestablishment of the merit system for selection of personnel. An entirely new assessment of property, without political pressure or favoritism. Combining of tax assessments in city and county, at a saving of \$150,000 annually. A continuous, relentless drive to weed out political hacks, so that the power of the machine may be permanently broken.

Public reports planned

A PUBLIC relations group keeps up a constant barrage of information and plans a permanent system of periodic reports on the state of the public business through the press, the radio and by special publications.

Thus the citizens of a city and a county, thoroughly aroused to the consequences of leaving their local government to self-serving hands, working through a volunteer group of community leaders, have shaped the pattern and set the pace for permanent improvement.

Business

begins with BUYING

by Westinghouse



• **A manufacturer must buy before he can sell.** He must buy the raw stuff that goes to make the finished product; he must buy machinery and the plants to house it, and must hire the men without whom the finest equipment in the world would be just so much worthless scrap.

• **In our particular case, being a large manufacturer, we are first of all an enormous buyer.** If all of the copper wire we buy in a single good year were converted into sixteenth-inch wire, the strand would stretch over 209,000 miles—enough to wind eight times around the Earth. And the insulating yarn we buy could be looped 36 times from Earth to Moon.

• **We use enough steel and iron each good year to build two railroad tracks 2,290 miles long—or a couple of Oakland Bay Bridges.**

• **We buy a lot of gas, oil, hydrogen, nitrogen and oxygen; we are a huge consumer of gold, silver, mercury and tungsten.** You won't find the kind of sapphires we use for bearings in a jewelry store—nor would you find a jewelry store in the world that could supply the 20,000,000 jewels we need each year. We even buy diamonds and use them as dies for drawing very fine wire. Though most of our pur-

chases run into tremendous quantities, one of them, last year, amounted to just one ten-thousandths of a gram. That was radium, and it cost \$300.

• **Every one of the forty-eight states and Alaska are important suppliers of ours.** Twenty foreign countries contribute materials not produced in America. Almost literally, every industry and every farm produces something that we use.

• **"What in the world can a farm grow for Westinghouse?"**, you ask. Just to name a few things—oat hulls, molasses, grain and sugar cane for alcohol, dextrine from corn, flour and straw for making foundry cores, lard, sugar, lumber and tapioca; also leather, wool, cotton and meat products. It all adds up to this. Each year we buy more than \$100,000,000 worth of the products of industry and farmers. Some of our people have estimated that these purchases give work to about 36,000 persons annually. This is in addition to our own 43,000 employees who fabricate these materials into a vast number of machines and appliances which increase the permanent wealth of America.

• **Who gets this wealth? Why, the industries and farmers who sold the materials to us, of course.** It's really nothing but an elaborate process of swapping. We swap what we make for the materials needed to make our products.

• **That's why we cannot consider ourselves as a separate industry.** Along with thousands of others, we are merely an essential cog in the tremendous process which has created American prosperity and the American way of living.

A Strike Was Called . . .

(Continued from page 31)

there is little incentive to go home and get ready for church. A man wants to sleep.

When the last hymn was sung and the crowd came slowly out, their faces seemed a little more relaxed, eyes were brighter and smiles came easier.

They had been to church.

"Blockade Runners"

"IF DIS be strike food, I'ahm all glad I'ah come in."

He was a gigantic Negro with a wide nose plastered against a beaming, sweating face. Our eyes could not help wandering to the tray in front of him. There was hot cereal, toast, coffee, five hunks of butter, a dish of prunes, a glass of grapefruit juice, a plate of bacon and eggs and a platter with five wheat cakes on it. It seemed a shame to interrupt this private orgy but we pocketed politeness and asked him how and when he got in.

"I just comes in last night with ten other boys.

"We just show them pickets some knives and guns and they make no trouble.

"Yes, suh, no trouble."

And thus, as men filtered into the plant every night, one could always pick up a few interesting stories every morning in the restaurant.

For instance late one night a state patrolman pulled up at one of the picket barricades and chatted casually with the boys. Then for no evident reason he rode down into the plant and was never seen again. At least by the pickets.

Then there was the old millman who dressed very meticulously as a railway engineer. With the red bandanna, the gold watch chain across the chest and the fluffy cap. The pickets never even said a word as he strolled nonchalantly into the plant.

They came in counting freight cars, dropping off freights, using out-of-state licenses on their cars, sneaking off the picket lines. The penalty for failure was a trip to the hospital.

Yet our favorite was the Italian.

For months he had been farming a small tract of company land up near the main gate. Locked out by the strike, he loaded himself down with cabbage plants, a rake and a bucket, and on the second day he walked imperturbably through the picket lines.

He worked for an hour, planting and raking. Then, taking his bucket, he went down to the main gate ostensibly to get

some water. The cops got a big laugh when he handed one his bucket and walked down into the plant.

Once back to work he noticed the need for laborers and reminded his boss that his son had been promised a job for more than a year. The foreman sarcastically answered that, if he could get his son in, there would be a job for him.

So back to the gate went the Italian. He filled his bucket with water, trudged up into the field and watered the plants. Then, gathering his tools, he started home.

The next morning the pickets paid little attention as father and son, loaded down with cabbages, passed through their lines. They worked industriously for about an hour. Then, taking their buckets, down to the gate they went. This time neither came back.

There should be some kind of medal for such men.

"Mr. Art Presents . . ."

RAIN WAS falling, a cold, thin drizzle, and the men ran from building to building toward the carpenter shop. It was show night and the furnaces and the mills had been shut down for eight hours to give the men a chance to be there.

Inside the low-trussed building it was hot and stuffy. The men had already filled the benches down the center and the tables in the back. And now they were crawling up on the window sills and into the small storage balcony in the back.

It was a good humored, twitting crowd and when the orchestra swung into "Diana," a blast of cheers and whistles

went right up through the roof. The posters that had been spread around the plant promised them an amateur show.

And they got it.

There was a yardmaster dressed like a tramp singing and dancing his way through a typical vaudeville skit . . . four huge Negroes with a program of spirituals . . . an Irish tenor tried "Mother Machree" and got four encores . . . the Four Cowboys playing mandolins . . . three chemists with a short playlet satirizing the strike, the superintendents, John Lewis and even Madame Perkins . . . Harry and his Welsh stories . . . "Butch" (of football fame) leading his Seagram's Octet on eight whiskey bottles with distinction . . . a fast-talking timekeeper selling patent medicine . . . and so on for three hours.

This was only half the show. The audience provided the other half. Wise-cracks flared from all angles. There were satiric suggestions on how to act, how to sing, how to tell a story, how to get off the stage—until everybody was ready to call it quits and get a sandwich.

Coming out into the rain-drenched night, one could only wonder at the spirit of these men. Not only to surmount the difficulties of living for five weeks in a steel plant but to reach out beyond this and to provide their own entertainment.

That colorless and impersonal term "steel worker" now took on a meaning all its own.

Union Leaders—Please Copy

WE CAME out of the restaurant and ran into Bill, Slim and Jack. Bill had one of those union circulars that were dropped from an airplane earlier in the afternoon and was reading it aloud with studied seriousness.

"And if you leave within the next 12 hours, special precautions will be taken for your safe conduct. After that your personal safety is your own responsibility."

No one said anything as Bill tore the card into small bits and let the pieces drop one by one to the ground. He shoved them around with his foot and then cracked:

"I wonder if they want us to leave in groups of four with our arms folded, or in a body with our pants over our arms."

Slim lit a cigarette, inhaled deeply:

"What burns me up is this: There are about 2,600 men employed in this furnace division. Two hundred and fifty join the union and call a strike. They lock us up here and keep the other guys out. They run this section of the town as if it belonged to them. Why if I could get 30 good men . . ."

Jack spit out a cud of tobacco and turned on Slim—



The pickets took him up under the street light. Then somebody hit him in the face

Mr. Businessman . . .



SOMETHING HAS HAPPENED . . .

in Pennsylvania!

Something HAS happened! Something important to business within and without the state.

Pennsylvania has a new administration, sympathetic and eager to help business and the worker. Its aim: to create more jobs in private industry, cut down the number of jobs supported by taxes.

Already, this new business administration has accomplished tangible results—results that give promise of new opportunities for industries located in Pennsylvania.

1. State payrolls cut 17%
2. Administrative expense cut 20%
3. 175,000 taken off relief rolls from January 7 to June 3—most of them finding employment in private industry
4. 66,861 new jobs found by State employment service
5. \$32,000,000 worth of new industrial expansion in six months.

Pennsylvania has the lowest per capita debt of any large eastern industrial state—relatively low real estate taxes—no general sales tax—no personal income tax.

Pennsylvania does not seek industries now happily located, nor "sweatshop" industries of low-wage or sub-standard working conditions. To all others who would profit from her natural advantages and the vast market her ten million people offer, she extends a warm welcome.

Just off the press, a booklet telling the story of what has happened in Pennsylvania, causes of the new impetus in industry, facts on resources and markets. Pennsylvania may be the place for you. This booklet will help you to decide.

FOR EXECUTIVES:

Write today for your free copy of "Pennsylvania—Its Many Industrial Advantages." Address: Department of Commerce, Harrisburg, Pa.



COMMONWEALTH OF PENNSYLVANIA

ARTHUR H. JAMES
Governor



RICHARD P. BROWN
Secretary of Commerce



I'll Work For You

I AM A NATIVE-BORN AMERICAN

I BELIEVE IN FAIR PLAY

I AM A SKILLED WORKER—
LEARNED MY TRADE FROM MY DAD

I DO A DAY'S WORK FOR A
DAY'S PAY

I BELIEVE YOU OUGHT TO MAKE
A FAIR PROFIT...IT'S PROTECTION
FOR ME AND MY JOB

I'LL WORK FOR YOU

*...And Here's Some More
You Ought to Know*

North Carolina has all the advantages that make production costs less in the South. Yet North Carolina is close to the big consuming markets. 55% of this country's population lives within a radius of 600 miles. Rail, highway and water transportation are unexcelled. Unlimited supply of raw materials. Tax structure that aids industrial growth. Ample power facilities. A State of medium size cities and towns... no industrial congestion. One of the first States to develop industry, North Carolina is business minded. Manufacturers seeking sound industrial advantages instead of "inducements" will find a warm welcome. Write today. Trained industrial engineers will supply specific information relating to your business upon request. Write Industrial Division, Room 2199.



North CAROLINA
HOME OF SUCCESSFUL INDUSTRY

"Aw, keep your shirt on. They'll have you out of here pretty soon. Can't you see that mob is just about licked? The way they're throwing away public opinion with this raw stuff. Now watch them blame everybody but themselves for the loss of the strike. They will hop on the company because it called one of the biggest bluffs of the year. They'll grouch at the President and Perkins for letting them down. They'll appeal to the National Labor Board and probably get several decisions a blind baseball umpire would never even give them. They'll appeal and blame and cry, when they should sit down and ponder one fact: you can't win a strike without organizing at least half the men. And even under these circumstances the deck is against you."

A waitress came out of the restaurant and the eyes of the men followed her till she disappeared around the building.

Bill started to doodle on the ground with a stick—

"Anyhow a strike like this sure should teach a guy a lot. We ought to come out of this knowing at least what we don't want in our union. We don't want a company union. And certainly not the likes of the one on display in this strike. With its national officers talking democracy in the ranks and running the union like a flea-bitten top sergeant. Ordering men in and out of plants like a bunch of squirrels. No accounting of the dues. No conscience in methods used to get the boys to join up. No regard for public opinion and a gangster's conception of the purpose of law..."

Jack stopped and looked around apologetically as though he had talked out of turn. Kinda left his thoughts run away with him.

The rest nodded approvingly. Except Joe.

"Sounds like you're looking for a religious order."

Bill took up the cudgels—

"Yes probably. But it always seemed to me that the union leaders aim too low. They underestimate the wants, the needs, the intelligence of the working men. They want blind devotion to questionable leadership, doubtful policies and none of this Doubting-Thomas stuff. They employ the same methods of propaganda, the same fear psychology, the same tactics that they so bitterly arraign the corporations for using..."

"Aw, what the hell can a few guys do?"

Nobody answered. They just sat there smoking, spitting, slapping at the mosquitoes, thinking.

"Admitted to the Hospital"

THE POKER game broke up about two o'clock. So instead of going up to the furnace, we went up on the third floor and stretched out on a couple of empty cots.

There was a full moon and the fields to the south of the office looked like some one had sprinkled powdered glass over them. And if it wasn't for the police car a half block down the road and the liaison car of the union that passed every half hour, one would never think that a strike was in progress at this plant.

I don't know how long we slept, but it was still dark when a row woke us up. The pickets were running up through the fields. The beams of their flashlights cutting sharply through the thin veils of mist. Evidently some one was trying to crash the line.

They had him once in the crisscrossing rays of their flashlights but he dodged out. But they went on, yelling and cursing. Then suddenly their lights went out and you could hear them talking as they came back toward the office.

When they got down on Second Street, you could see that they had a prisoner. He was a young fellow about 23, powerfully built, and Pete thought that he looked like Joe who worked on the furnaces. They took him up under the street light, crowded around him and somebody cracked him in the face. He staggered, almost fell. Then they shoved him into a car. Several pickets hopped on the running board and off they went.

But in the paper the next evening:

Among those admitted to Harvy Hospital early this morning was Joe —. He was suffering from severe lacerations about the head and shoulders and a slight concussion of the brain. His condition is reported as fair.

"Deliverance"

WHEN THEY told us to be ready to leave the plant at seven in the morning, a lot of the men remained cynical.

They had fooled us before. The mayor, police officials, prominent citizens.

"Just keep your feet on the ground, boys, and we'll have you out of here within 36 hours."

But this was the first time they told us to get ready.

What followed in the next 12 hours will always remain a confused and blurred series of dramatic events. Things happened so fast that before you could get one incident straight another had happened.

There was the dynamiting of the water main at three A.M., shutting off the water supply to Plant A. Enraged men rushing out of the plant wrecking the picket shanties and looking in vain for the pickets... the arrival of the National Guardsmen about 5:30... the pickets massed along Second Street and the ominous atmosphere of a coming fight... the first cars carrying workmen limping into the plant, windows smashed, holes in the sides and men lying on the floor bleeding badly... the Guardsmen moving into the crowd... herding the truckloads of pickets into the basement of the main office... the airplane roaring 200 feet overhead flashing signals... at last the cars leaving the plant... women and children and men lining the street... yelling and screaming... pickets stoning cars and the soldiers chasing them... finally the turn into Main Street... so quiet and peaceful in the hot morning sun... smiles breaking out on the men's faces and the excited jumpy look, like kids on their way to a picnic... only a few more minutes and home—the wife, the kids, home cooking, a soft bed...

The strike had become history.

Pity the Poor Ship Inspector

(Continued from page 26)

with the number of boats with home ports in the district.

To unify the work and insure similar interpretation of the various regulations in each district, six roving inspectors travel about the country. They inspect ships sometimes after—and just as often without—forewarning the local inspectors. At the head of the whole organization is Commander R. S. Field, United States Navy, retired, who has an office at Washington and is responsible to the Secretary of Commerce.

Though no federal ship inspector is invested with unlimited authority, each is expected to be able to meet any emergency successfully and accept with resignation any personal peril he encounters.

Consider the narrow escape of the newly-appointed inspector who suddenly felt "tired" while working in the hold of an oil tanker. He suggested to his more experienced companion that they sit down for a while and rest.

"Cripes, not here," was the answer. "Let's go up on deck."


No sooner had they reached the deck than the complaining inspector dropped in his tracks, a victim of oil fumes. It required several hours of treatment in the open air to revive him.

Witness, too, the experience of Inspector Herbert L. Peters. While examining fire-fighting apparatus on the steamship *Commander* at Seattle, he picked up an extinguisher that was provided with a cap intended for a different type. The threads did not engage the cylinder properly, so that the cap remained in place only until considerable pressure had been created. Then the cap separated from the cylinder with explosive force.

Another time, an inspector sought to examine the back connections of a boiler being subjected to the pressure test. The structure collapsed without warning, almost pinning the inspector against the wall.

More recently, a veteran inspector ventured into the chain locker of an ocean liner. Hardly had he gained entrance when a deck officer ordered the anchor dropped. Instantly the iron heap that lay so innocently coiled about the inspector's feet became a live, lashing, death-dealing monster. Quickly the man leaped to the ladder down which he had come. Pulling his legs up under him, he held himself suspended as far from the spinning, threshing mass as he could.

Not until the anchor buried itself in the bottom of the harbor and the whirling chain abruptly ceased its gyrations, did the inspector relinquish his grip. Breathing deeply, he climbed the ladder to the deck. As his pale face rose over the hatchway, the countenances of those nearby took on a whiteness that matched that of the inspector. There wasn't a man present but who appreciated how close the officer had come to being killed. But to the inspector, it was all in the day's work. He only swore.

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President of Cluett, Peabody & Company, manufacturers of Arrow Shirts

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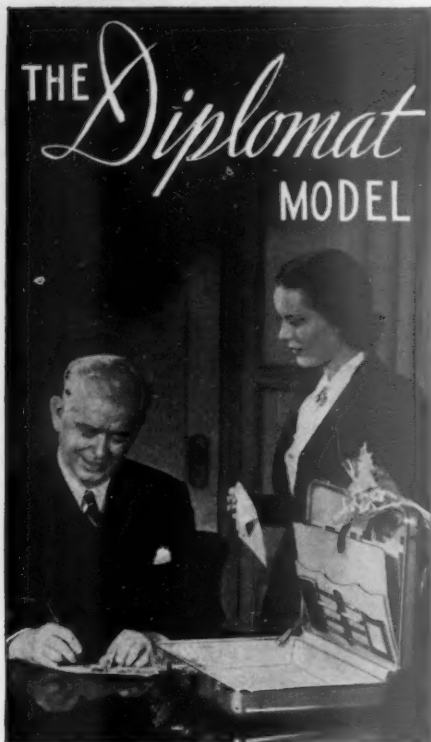
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American Free Enterprise Built the Motor Car

(Continued from page 20)

would be the same. The workmen, by constant practice in a single operation, would become highly skilled and expert at their particular task.

Makers of sewing machines and typewriters employed a similar method and the fact that R. E. Olds managed to turn out 3,000 cars in his Lansing, Mich., plant by hand methods in 1902 implies that some sort of assembly line was used. Likely the best of the others were not far behind.

The introduction of machinery to replace hand shaping of automobile parts came later—but not much later. By 1906 machine methods were working well enough that the Americans were able to amaze the staid members of England's Royal Automobile Club by a tedious but impressive demonstration.

Parts made interchangeable

HENRY M. Leland took three Cadillac cars to England, ran them and then had them taken down, the parts scrambled and several extra spare parts tossed in for good measure. From the resulting jumble of primitive hardware, mechanics assembled three automobiles, which were then driven 500 miles to win the Sir Thomas Dewar trophy.

The Britons' amazement stemmed from the fact that the parts were interchangeable. As late as 1910, in England, parts were made individually to fit the particular automobile under construction at the time. If they happened to fit any other car made by the same manufacturer, it was a miracle. Unlike the Americans, the British had not yet considered using "jigs" in automobile manufacture. "Jigs" greatly reduced the human error in the adjustment of the parts on machine tools. The E. M. F. Company, later acquired by Studebaker, is said to have been the first to adopt this method of speeding production. The first use of highly specialized machine tools in auto manufacture is credited to the same company.

But for these and similar innovations which replaced hand methods, the modern automobile, according to W. J. Cameron, of the Ford Company, would cost \$17,850. Walter Chrysler goes even further:

An automobile costing \$600 today would cost \$3,500 if it were built with the tools in use only a few decades ago. In 1935, in the \$3,500 wholesale price range, only 2,428 cars were sold in the United States and Canada. In all price ranges, 4,000,000 were sold. Let us suppose it was decided to do away with modern devices and to revert to former practices. The yearly market for automobiles would be limited to 2,428—less than a full day's output for many of our plants.

Under free enterprise, the urge was not to scrap but to improve, and, when improvement seemed no longer possible along a given line, to hack out a new line and improve along it. Thus, when the type of steel in use prevented further

advancement, new types were developed. When paint proved the stumbling block, quick drying finishes came to the rescue.

These modern finishes offer as good an example as any of the reason the consumer gets more for his money under free enterprise than any other system. With old style, slow drying paints, it took from 15 to 30 days to complete the paint job. Under a heavy production schedule this meant that as many as 15,000 cars might be in the process of painting at one time. That meant \$20,000,000 worth of automobiles sitting in storage waiting for the paint to dry. To a government-owned concern financed by public taxes this would be a detail. To a private company it represented a serious tying up of capital. The urge was to do something about it. Something was done and, as a result, the manufacturer freed his capital, lowered his costs and the public got a better automobile cheaper because competition forced the maker to pass on his savings to his customers. By the same token, the lower price made it possible for many people who previously could not afford them to become auto owners.

Another development which further widened the field of users was the electric starter. The story of how this invention finally made it possible for women to handle automobiles successfully has often been told. The fact that a tragedy inspired the final successful research is not so well known.

Cranking an automobile took muscle and not a little courage. It was an unladylike procedure and the industry had been dabbling with a solution for some time. As early as 1909 Pierce-Arrow had offered an air starter which didn't work very well. Springs were tried, too, without much success.

Developing a starter

SO CARS were still being cranked in the summer of 1910 when a Mr. Carter, head of a motor car company, drove out of Detroit headed for the coolness of Belle Isle in the Detroit River. His trip met a sudden obstacle in the form of a woman driver who had stalled her car, blocking a bridge. Mr. Carter got out to crank her machine.

Cranking a car was a business of considerable ceremony. The driver, if the motor was cold, wiggled the shift lever to assure himself it was in neutral, pulled the choke and spun the motor several times with the switch off. Then he returned to the driver's seat, retarded the spark, moved the throttle to the point which experience had taught him was best for that particular machine, and set the ignition switch on "battery." Then he went back to crank. If he was a careful man, he seized the handle with the thumb on the same side as the fingers. This speeded the getaway if the monster kicked. On the largest cars he also pulled a compression release which made the task easier. When she finally

started, he hurried to the seat where he switched the ignition from battery to magneto.

On this occasion Mr. Carter probably depended on the young women to attend to the necessary rites in the front seat. Either she was remiss or the car was just naturally mean. Some were. Anyhow the motor kicked and the spinning crank broke Mr. Carter's jaw. The injury later caused his death.

An "impossible" job

MR. LELAND of Cadillac was Mr. Carter's good friend. The death weighed heavily on his mind. Finally he sent for C. F. Kettering and instructed him to build an electric starter. Both of them undoubtedly knew that the job was "impossible." Experts had proven mathematically that a small motor could not turn an engine over and even if it could there wasn't enough power in a storage battery to run such a motor anyhow. Any workable system, they said, would weigh as much as the car.

This didn't bother Mr. Kettering much. He had just built an electric cash register for the National company. Experts had said that couldn't be done either.

He went back to his shop in Colonel Deeds' barn in Dayton whence presently emerged two electric starters. Mr. Leland had one on a car which he kept in his garage. Mr. Kettering used the other on his personal car which he shortly drove off the road and wrecked, at the same time breaking his own leg. The next day the Leland garage burned down with the other starter inside.

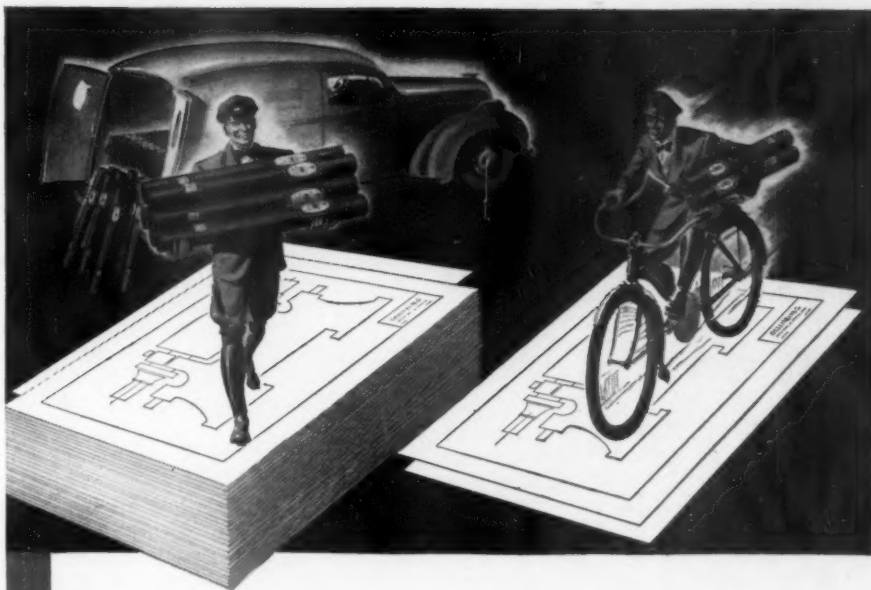
The disaster threatened to halt Mr. Leland's plans to install the new device on his 1912 models, but Kettering, his leg in a plaster cast, rode to Detroit on the train, salvaged the burned machine and, hopping on one leg, managed to finish the final developing and testing so that plans could be carried out as scheduled.

Spectacular but not unusual!

The history of the industry is a constant repetition of such efforts to win more business—to make more money, if you will—by giving the customer a better product and by dramatizing that product so that nobody could overlook it. The dramatizing started early, too. The "Turning Wheel" tells one of the earliest stories.

Oldsmobile sales in New York City took a great surge forward after the second New York Automobile Show in the autumn of 1901, to which Roy D. Chapin, then a tester for Olds at \$35 a month (he would presently be sales manager) drove a curved-dash runabout from Detroit. This was the first Detroit-New York drive by a light car.

Well equipped with spare parts when he left Detroit, Chapin needed most of them before he reached his destination, as the wretched roads he traveled almost shook his light car apart. He was forced to leave the muddy highways and drive along the towpath of the Erie Canal, contesting with mule teams for the right-of-way. He lay up for major repairs at Peekskill and drove into New York seven and one-half days after leaving Detroit. On his way down Fifth Avenue, the runabout skidded into the curb damaging one of the wire wheels, in spite of which



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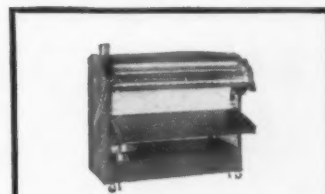
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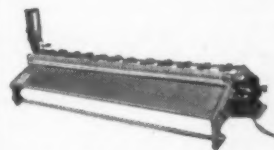
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he made his haven at the hotel where Mr. Olds was anxiously waiting.

The doorman would not admit the young man in his greasy garments and Chapin had to find his way around the building and sneak in unobserved through the servants' entrance to find his employer.

Somehow you can't imagine people going to all that trouble in a regulated industry which enforced production quotas for the progressive or provided subsidies for the laggards.

Nor can you imagine men curbed by government interference showing the enthusiasms revealed in another incident also involving Mr. Olds. "Men, Money and Motors" tells that story something like this:

Sales look better

THE year was 1901. Olds needed to crash the New York market. He believed in his product and the future of the industry but without acceptance in New York his own future was discouraging. He needed a sales manager and the name of Roy M. Owen popped into his mind.

Owen had been representing the Olds Company in some of its dealings in Cleveland. His financial backer was Roy Rainey. Both were in New York for the auto show and Olds sought them out with a proposition. Both were enthusiasts.

"I think we could sell 500 of those cars," Rainey said.

"So do I," Owen agreed.

Olds gulped. Here were a couple of young fellows talking about 500 cars. He had tried desperately, but without success, to sell 100. But, if they could joke, he could, too.

"Why not make it a thousand and get yourselves some attention?" he asked.

"Why not?" they agreed and a few hours later signed the contract.

That sort of enthusiasm doesn't grow under government restraint. Neither does the kind that inspired Walter Chrysler, a poor mechanic with a wife and two children, to borrow \$5,000 to buy a \$4,300 automobile so that he could tear it down. The car was displayed at the Chicago show. Chrysler tells about the incident in "Automotive Giants of America":

When my wife heard about it, it nearly broke up the family for we were doing without many things in those days but something made me buy that car.

When I got it home I promptly took it to pieces and I think that in the three years I had it, I pulled it to pieces about 40 times.

Only under the American system could men afford to take that kind of risks, because, only under that system could they be sure that if they succeeded the gains would be worth while; that the government would not, in one way or another, seize their profits and leave them to meet their losses as best they could.

The American system, as it stood at the turn of the century, permitted opportunity to beckon unhampered. Those who succeeded could profit mightily but, under that system, they could not profit alone, because the measure of their success was the measure of what they gave to the people.

And the automobile industry, in its effort to build better automobiles, has given the world not only better automobiles but better living in a thousand fields entirely unrelated to motor cars. Electric razors and locomotives run better because automobile men discovered greaseless bearings. Railroads give greater comfort and speed because automobile men developed new and better steels. Paints, plastics, fabrics, electricity, machinery, petroleum, cement, engineering, to name a few, have all been helped in making the world cleaner, more beautiful, more comfortable, because that restless giant, the automobile industry, continually contributed new ideas, new processes or new problems.

Out of all this a few men emerged with fortunes. Others were sunk without a trace but winners and losers alike contributed to the progress of the country and, as each new and better model rolled off the assembly line, government and employees profited along with customers.

New York State was the first to discover the automobile as a new source of tax revenue. It passed the first licensing tax in 1901 and derived \$954 in revenue for the year. In 1938 motor owners paid taxes totalling \$1,529,312,125, divided like this:

State registration fees, \$405,246,000; State gasoline tax, \$766,853,000; Federal excise taxes, \$285,213,125; Personal property city and county taxes, \$72,000,000.

The gain in jobs created has been equally spectacular. Estimates place the number of workers directly or indirectly dependent on the motor industry for livelihood at nearly 6,500,000.

Employment is higher

INCREASING mechanization in factories has meant not only pleasanter jobs but more jobs as well.

In 1937, employment in automobile factories averaged 15 per cent higher than in 1929, although production was ten per cent below 1929 levels. In 1938 employment per car produced increased 13 per cent above 1937 and was two per cent above 1931, the most recent year with a volume comparable to 1938. In the meantime average hourly rates of pay have reached 92.2 cents an hour in 1938, up 20 cents since 1925.

Introduction of countless new and more productive machines and processes meant no decrease in employment simply because many new machines were designed, not to increase productivity, but to build a better product, improve working conditions or reclaim by-products.

When changes were made which did reduce labor requirements, competition compelled manufacturers to plow the resultant savings back into larger and better-constructed vehicles to be sold at lower prices.

As one sales manager put it as he pointed out the advantages of his 1940 model:

Last year's car was good enough to satisfy the customers. They would have kept buying it for years. But we couldn't

let it satisfy us. And this car you see here won't be good enough next year. We're already working on 1941—and '42 and '43, for that matter. The public may be satisfied, but we can't afford to be.

As a result of this persistent dissatisfaction, the average price of passenger automobiles produced this year fell to \$795 including 13.5 per cent delivery charges. Unlike the \$2,137 car of 1907, these have safety glass, silent gears, soft front wheel suspension, shock absorbers, higher compression motors, automatic spark control, down-draft carburetors, rubber engine mountings, self-starters, windshield defrosters, controlled ventilation, built-in trunks, lacquer finish, sealed bearings, air-intake cleaners.

Many improvements

IN ADDITION, the man who buys these modern cars finds them equipped with complete accessories—bumpers, horns, gas gauges, dash and parking lights, rear view mirrors, spare tires, speedometers, stop-lights, water temperature gauges, windshield wipers—which would have cost the 1907 buyer extra if they were to be had at all.

Nobody could have planned it that way. In the first place nobody would have dared. Not even the pioneer automobile men, advancing from one step to the next, could hope that they would actually arrive where we are today. Other industries starting at the same time failed to make the grade because the public didn't want them. Nobody who saw Duryea's blundering converted buggy in 1892 could have said with assurance, "There goes the machine that will revolutionize the world—yonder is something else that will be forgotten in ten years."

Only the American system of free enterprise can make those decisions sanely and it makes them not by subsidizing the weak or penalizing the strong but by permitting the public to profit by the genius of those who give it what it wants.

The story is well summed up by the Federal Trade Commission, which reported after a study of the auto industry:

Active competition among automobile manufacturers, although some of them have made very large profits, gave to the public improved products, often at substantially reduced prices. In the automobile industry this has been especially true of those manufacturers who are able to obtain large volume of production through competitive improvement in motor vehicle construction, style, performance and safety, particularly in the low-priced class. Such competition has been the basis for the remarkable growth of the industry.

Consumer benefits from competition in the automobile manufacturing industry have probably been more substantial than in any other large industry studied by the Commission.

It is perhaps too much to hope that this report will come to the attention of other government agencies which are unable to imagine progress as possible unless the dictocrats are permitted to control and direct its path.

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A Town That Wouldn't Admit Defeat

(Continued from page 34)

ditions grew worse. Tax collections which had reached \$200,000 in 1929 dwindled. There was not enough money in the Borough's cash drawer to meet the bills for essential public services. Street lights were reduced to a minimum, fire protection was severely curtailed, while the handful of citizens who could still afford automobiles bounced and jolted over streets long in need of repair. Having exhausted every resource, the Board of Trade dissolved.

Scottdale had in truth become a "ghost town."

For the country at large, business revival seemed to start slowly but surely late in 1935 but not for Scottdale which had two huge white elephants on its hands. In six years of disuse, the sheet mill and pipe foundry had grown obsolete. Continued maintenance had kept up the outward appearance but technological advances had made the machinery inside obsolete. Local efforts to reopen them met with discouragement.

Spirits were at a low ebb when a group of the most determined local business men and civic leaders met with the industrial development representative of the West Penn Power Company, which supplies Scottdale's electric service, to plan for Scottdale's rehabilitation. After some discussion, they decided to abandon all efforts to get the former mills reopened and devote their energies toward getting new industries for Scottdale.

First step was to compile an inventory of what Scottdale had to offer prospec-

tive industries. Even the most sanguine were surprised at the results of this inventory. With all the facts assembled, Scottdale seemed to offer a veritable paradise for certain types of industry.

To begin with, Scottdale had an abundance of workers skilled in the metal working trades, predominantly native born, and with a long record of friendly relations with management. In addition, Scottdale was a good place to live, with no crowded slums, many modern homes, broad shaded streets, first class schools, churches of many denominations, small bonded indebtedness and low taxes. Production of iron, steel, aluminum, brass, alloys, glass and plastics centers around Pittsburgh which is only an hour's drive from Scottdale. Two-thirds of all U.S. families live within reach of an overnight train ride.

To top it off, Scottdale had two plants suitable for many types of manufacture all ready for some industry to move into. Most important of all, every Scottdale citizen stood ready to help new industries get off to a good start, because every one realized that the whole future of his community depended on industrial development.

Strangely enough, Scottdale's first good break resulted from another community's misfortune. After the Ohio River Flood of 1937, the rumor reached the Scottdale committee that a steel company in a neighboring state had tired of trying to keep the river away from its door. The committee sent a representative to confer with the steel company's



Only skilled hands can wrap transformers but trained men were among Scottdale's assets

officials and interest them in a Scottsdale location.

After talking with officials of The Duraloy Company, manufacturers of special analysis steel castings, the representative learned that they were definitely in the market for a new plant location. In fact, they were already considering several locations. The Scottsdale representative outlined the advantages of a Scottsdale location and finally elicited a promise that the officials would make no decision until they had seen Scottsdale. A date was set for a trip to Scottsdale with the suggestion that the officials bring their wives.

Showing the town as is

MEMBERS of the Scottsdale committee were overjoyed when their emissary returned with this news. Then the question arose: what could be done to make a favorable impression? Though they were aware that their community presented anything but a prosperous appearance, the committee decided against any suggestion of window dressing. They had the vacant cast iron pipe foundry which could be obtained at a reasonable price and easily converted to the needs of a modern steel foundry. They had many natural advantages such as cheap fuel, electric power, skilled labor and good transportation. They could offer good housing and good living conditions. Above all, they would show a friendly spirit of willing cooperation.

The crucial day arrived. After being greeted by a committee composed of the borough manager, council members, and leading business men, the Duraloy officials visited the vacant property. Meantime a group of local women accompanied the officials' wives on a tour of the community, pointing out the desirable houses available, the schools, churches and places of interest. This tour ended with a luncheon in the home of one of the welcoming committee.

Apparently the Duraloy representatives and their wives were impressed because they immediately started negotiations for the vacant plant. Owners of the plant, eager to aid Scottsdale's comeback, made their terms particularly attractive.

Duraloy took over the plant.

It was Scottsdale's first "good break." The *Independent-Observer*, Scottsdale's newspaper, got out a special edition to commemorate the occasion. The Scottsdale committee took a new lease on life and set out to find more industries.

Next prospect was the Calvin Manufacturing Company which had developed an automobile distributor cap made of glass. This concern was now about ready to place its product on the market but needed a larger plant and additional capital to get into production.

The committee suggested a vacant plant on the outskirts of Scottsdale which could be converted for the production of glass products. When the proposal was accepted, the committee launched a campaign to raise money by public subscription to repair and remodel the plant for the new tenant.

With two new industries to its credit, the committee decided that even greater

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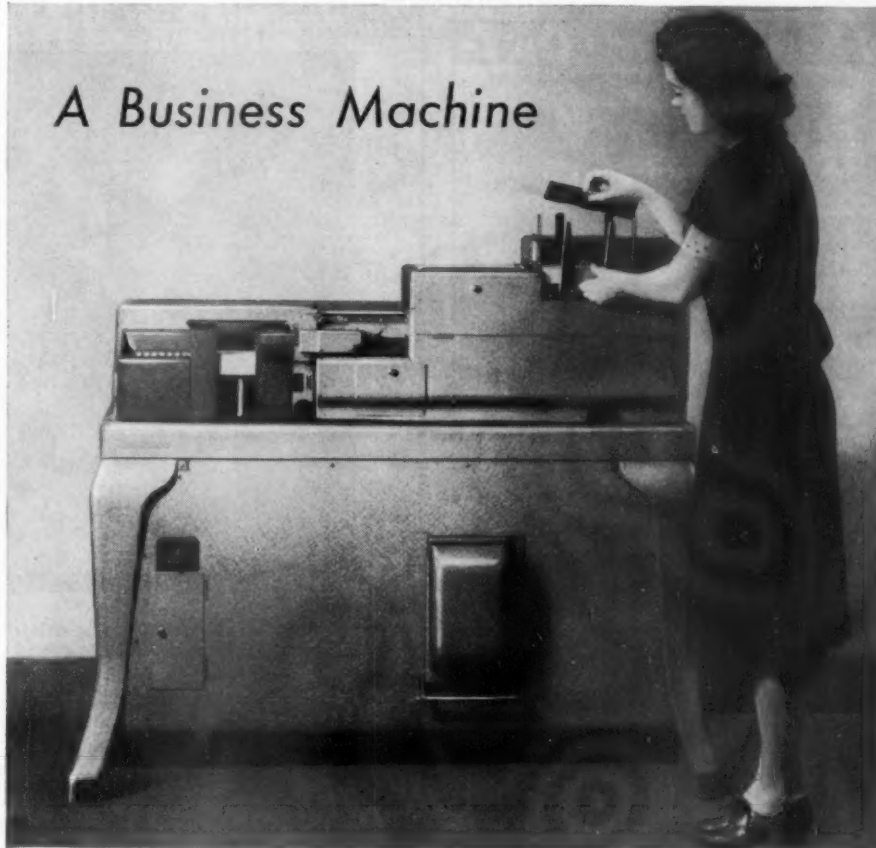
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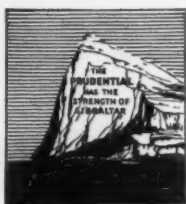
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accomplishments might be possible if a larger group participated. Accordingly, a meeting was called, to which many of Scottsdale's most capable and influential citizens were invited. At this meeting, the Scottsdale Civic and Industrial Association was formed. S. B. Bulick, Superintendent of Schools, was chosen as chairman, and Ernest Overholt, a banker, was named secretary. The directors included many leading business men.

The newly formed association's first achievement was to obtain title to the only large industrial plant remaining vacant. This was the old American Sheet & Tin Plate Company's works which was owned by the U. S. Steel Corporation. Steel company officials deeded the entire property over to the Association for \$1.00. Only provision was that the property could not be resold but was to be held in trust for the people of Scottsdale and rented to industries which would employ local citizens.

Early in 1939 the Association learned that a manufacturing concern then located in a congested industrial center was considering expansion.

Representatives of the Association called on officials of this concern and arranged for them to visit Scottsdale. A week later, the visitors arrived and were given a reception similar to that previously provided for the Duraloy officials. They agreed to rent a section of the vacant plant on condition that it was

repaired and remodeled. The Association undertook that job believing that rental income would soon retire the obligation. Work was started immediately and early in 1939 the R. E. Uptegraff Manufacturing Company, manufacturers of electric transformers, moved into its new home.

As this is written the Association is negotiating with several small but wide-awake industries in the hope of finding tenants for other buildings in the vacant steel mill group.

While rehabilitation is not complete, the Scottsdale of today is quite different from the ghost town of a few years ago. "FOR RENT" signs have almost disappeared on Pittsburgh Street, smoke curls from factory chimneys, both movie houses play to full houses nightly, the padlock no longer hangs from the Y.M.C.A. door, tax collections have almost doubled, and streets are being resurfaced.

A number of smaller companies which tottered on the brink of failure during the long lean years have made striking comebacks.

Credit for reviving Scottsdale should go to the pioneering spirit of its people, and particularly to that handful of determined men who refused to admit they were licked—the fellows whose efforts laid the groundwork for the Scottsdale Civic and Industrial Association. It is this same spirit which assures the future of the new Scottsdale.

Industry doesn't yearn for war orders



WIDE WORLD

Philip A. Benson (left), retiring president, American Bankers Ass'n, and Robert Hanes, president-elect Mr. Benson: "It is far more important to keep America out of war than it is to make profits. . . . It should be the responsibility of individual business men to refrain from overexpanding their plants on the basis of war orders. . . . If business is free from the threat of government interference it should continue to improve without particular reference to the war."

Industry Applies the Circus Technique

(Continued from page 43)

uled town, the trucks are parked according to a set pattern which has been tested from the standpoint of maneuvering a large audience. Beckoned by a banner describing the exhibit, and adding the magical word "Free," people walk onto the lot and pass from one display to another.

The show has many parts, each brief as possible. This eliminates any danger of boring an audience. It also provides flexibility, so that the performance can be shortened, or lengthened, or otherwise adjusted to the mood and preferences of a particular crowd.

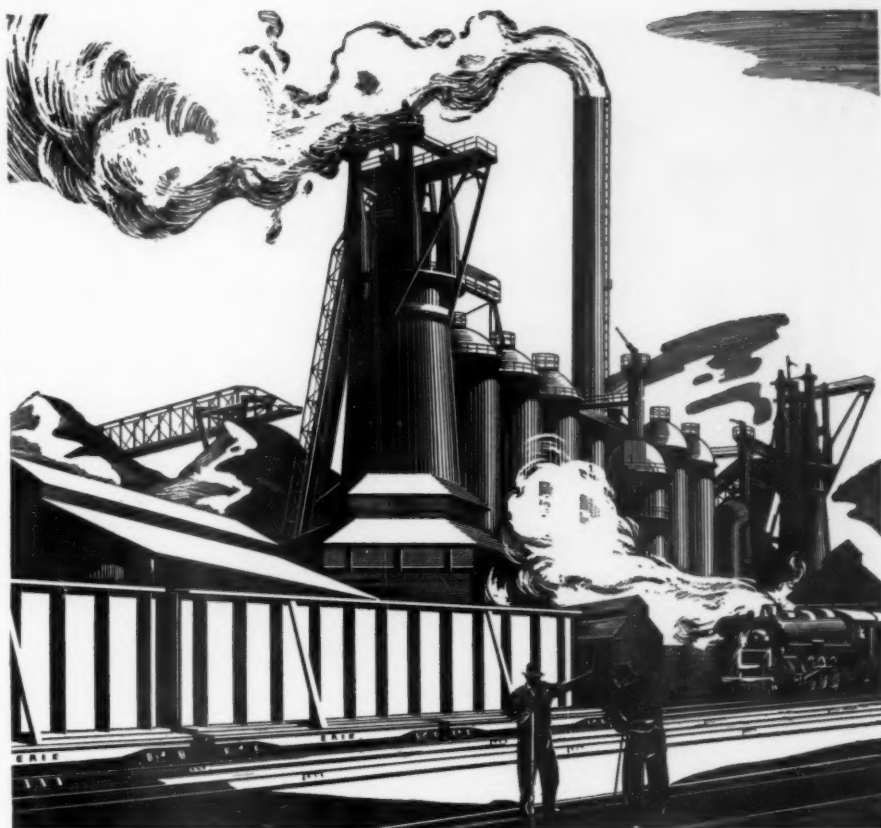
Virtually from beginning to end, the "Parade" is in the hands of young high-school and college graduates. They drive the trucks from town to town, and put on the "live" parts of the performance. An expert advance man precedes the exhibit.

But the show itself is staged by youngsters. The company regards its exhibit, not as a sales expedition but, as a chance to shake hands with the man in the street. Above all else, that man must like the people he meets. Whatever youngsters lack in aggressive salesmanship is never missed. And the good will they build by friendly courtesies is worth its weight in bullion.

Most manufacturers equip a show with things which visitors will wander about and look at. A push button seems to be the chief lure. Many of the newer traveling shows are contrived so that, in the fixed exhibits, the casual spectator can set something in motion—start a motor, start miniature people and automobiles moving in a model village, start a reaper baling wheat, anything so long as it involves a pushable button.

Every traveling exhibit has a time problem with visitors. Hours for a performance are usually announced definitely as two to five in the afternoon, and seven to ten or 11 in the evening. Those hours can be announced until the heavens ring, but somebody will surely turn up at six. Either he couldn't get there at any other time, or he didn't know about the schedule, or something. So, for these strays, most exhibitors keep some part of the lot always open, with an attendant on hand.

More and more traveling exhibits are setting forth every day. Each show, of course, is a distinct and individual enterprise, requiring ingenious ideas of its own. Some manufacturers prefer railway cars to trucks, some like exhibits that can be set up inside department stores or other establishments, some are going in for motion picture presentations. A large milk concern might sponsor a baby parade. Literally endless are the varieties and types; and the only rule is "No Dull Moments." Organizing a traveling show calls for thorough planning and hard work. But apparently it's worth all the trouble. A tremendous audience is waiting.



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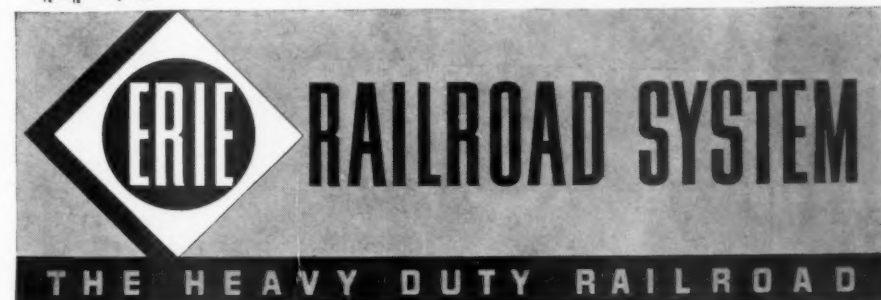
Steel isn't your line? Then try us with grapes or shoes or lumber—or whatever you ship. We'll give it fast, safe, economical delivery. And chances are you'll save money with the service that's "First in Freight."

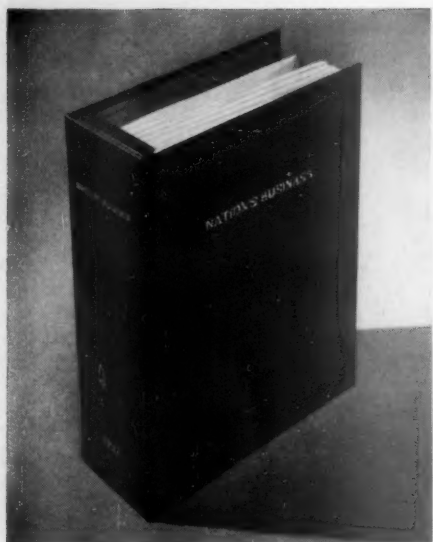
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Backward Look at War's Effects

WILL economic history repeat itself in consequence of war now raging in Europe and recasting world's productive resources to maintain armies and civilian populations diverted from peace-time pursuits?

Last World War did not actually boost living costs in the United States until two years after it began, although wholesale commodity prices responded briskly to the outbreak of hostilities. American living costs did not really begin to soar until the spring of 1917. Thereafter they zoomed dizzily for three years, until the average family's living costs had almost exactly doubled.

Last war, like the current one, came in the midst of extensive unemployment and depression in the United States, changed the 1914 business and employment situation to a boom within two years. Like effect is a reasonable expectation to economists of the Northwestern National Life Insurance Company but they see a destructive recoil even though this country is not drawn in.

Several million Americans, their study reasserts, were unemployed in the depression of 1914, but American business began to feel the stimulus of Europe's war orders by December, five months after fighting began. Not until mid-1916 were our unemployed fairly well absorbed by the industrial boom.

In contrast, the economists point out, for more than a year many American industries have been expanding under armament orders which should be classified as war orders. With increasing millions of Europeans withdrawn from production, America's unemployed millions will have to take up the slack. Congressional lifting of embargoes or establishing of new restrictions would greatly affect the situation. Number of jobless in the United States in July, 1939, was estimated at approximately 10,000,000.

Wages showed little change in the first year of the war, climbed rapidly from 1915 on, reaching peak in 1921. As much of the new labor required in industry as it expands under war conditions must be skilled or at least semi-skilled, absorption of unemployed is slowed by the necessity of training personnel.

Destruction of property, with consequent need for rebuilding, may be much greater now, owing to air bombardment. Areas actually fought over by World War land forces were usually destroyed,

but zones beyond the theater of operations did not suffer. In the new war, areas far beyond the reach of artillery are subject to destruction from air bombardment.

"War prosperity" is fundamentally unsound, eventual unpleasant reaction is inevitable, the study warns. "An earthquake, a flood, or any great catastrophe brings a certain temporary and artificial advantage to other communities because of the necessity for repairing the damage, but everyone pays in the long run for the destruction of values."

Meter Colors Tell Time Zones

A COLOR scheme for automobile parking meters is the newest aid to the motorist who pays his penny or more for the privilege of leaving his car on traffic-busy streets.

Austin, Tex., dividing its paid parking area into time-zones of 30 minutes to two hours, took to color so that the motorist may easily single out the zones he wants. Meters which reserve space for 30 minutes or less are painted red. Those used for a one-hour limit are silver-colored. Those used for two-hour parking are golden.

Should other cities adopt color scheme for parking meters, Austin officials suggest that it would be well to establish a uniform color system that each color would have the same meaning for all motorists.

Horses, Mules War Need, Still

IDEA that military operations are tending to become completely mechanized is qualified by report of the Horse and Mule Association of America that Germany has been building up reserves of horses and mules for the past three years by heavy purchases from nearby nations. Immediate army needs in France and Great Britain have been filled by drafting horses from agriculture as crop season is about over.

Reserves available in the various countries can be judged from consideration of the total animals possessed by the respective nations. Latest figures are:

	Year	Number of Horses
Germany	1937	3,429,586
France	1937	2,742,070
Great Britain and Northern Ireland	1938	1,001,526
Poland	1937	3,887,612

Mules are not listed, but are not numerous and are probably included in above figures. Figures for Great Britain are from British sources; figures for the other countries from the International Institute for Agriculture, Rome.

Supplies of horses and mules in European neutral nations are limited and most of them not readily available from a transport consideration. America has plenty, easily transported, so it is probable that most of what purchases are made will be made in Canada and the United States. Canada had in 1937 a total of 2,882,990 head of horses, but few mules. The United States had on January 1, 1939, a total of 10,800,000 horses and 4,382,000 mules.

No one knows how many animals will be exported, but judging from past experience, they will be needed if the war lasts long, for airplanes have made it possible to destroy roads. When roads are impassable, horses and mules will be in demand.

War Scares Stir Police Activity

HOT breath of European war touches off new police activities to keep the peace in American cities. Police of New York, Washington, D. C., Cincinnati, Milwaukee, and St. Louis are operating, or preparing to operate, on emergency basis to protect vital transportation and communication systems, factories and water supplies against any eventuality. State police forces of New York and New Jersey are prepared to cooperate. Federal Bureau of Investigation may increase its personnel by 150 agents under executive order by the President.

New York City's 18,000 policemen began operating on an emergency basis almost immediately after Great Britain declared war, and more than 500 men were added to each eight-hour shift. Men were assigned to every steamship pier in the city's five boroughs, to every utility plant, bridge, tunnel, foreign consulate and other points of possible trouble. Strong details were assigned to foreign residential districts. A board of strategy, headed by the police commissioner, was set up with powers to requisition aid if needed from other city agencies.

In Washington, police officials said "it has been found necessary to work out a program for additional service" but "as these services relate to the President of the United States, foreign embassies and legations, and federal activities, instructions are of a confidential nature and cannot be released for publication."

In Milwaukee, special police details are assigned to all public meetings where war issues are discussed. Activities of subversive groups are watched carefully. Persons of known subversive tendencies are under surveillance.

All members of Cincinnati's police force have been instructed to give special attention to bridges, water works, gas tanks, power plants, radio stations and places where ammunition and guns are handled.

The St. Louis police department reports it is prepared to prevent sabotage of vulnerable facilities, including ammunition factories and industrial plants producing war materials.

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